

ONE HUNDRED SIXTH DAY

St. Paul, Minnesota, Saturday, May 15, 2010

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

CALL OF THE SENATE

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

Prayer was offered by Senator Steve Dille.

The roll was called, and the following Senators answered to their names:

Anderson	Fischbach	Kubly	Ortman	Sheran
Bakk	Fobbe	Langseth	Pappas	Sieben
Berglin	Foley	Latz	Pariseau	Skoe
Betzold	Frederickson	Limmer	Parry	Skogen
Bonoff	Gerlach	Lourey	Pogemiller	Sparks
Carlson	Gimse	Lynch	Prettner Solon	Stumpf
Chaudhary	Hann	Marty	Rest	Tomassoni
Clark	Higgins	Metzen	Robling	Torres Ray
Cohen	Ingebrigtsen	Michel	Rosen	Vandever
Dahle	Johnson	Moua	Rummel	Vickerman
Dibble	Jungbauer	Murphy	Saltzman	Wiger
Dille	Kelash	Olseen	Saxhaug	
Doll	Koch	Olson, G.	Scheid	
Erickson Ropes	Koering	Olson, M.	Senjem	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 3134: A bill for an act relating to government operations; describing how to fold the state flag; defining certain powers of the Council on Black Minnesotans; requiring fiscal notes to include information about job creation; limiting requirements for approval by individual legislators in the disposal process for certain state-owned buildings; increasing threshold requirements

for deposit of agency receipts; imposing requirements on agencies for contracts over a certain amount; requiring state chief information officer to develop standards for enhanced public access to state electronic records; clarifying use of fees in the combined charities campaign; transferring membership in the Workers' Compensation Reinsurance Association from the commissioner of management and budget to the commissioner of administration; eliminating and modifying fees for certain filings with the secretary of state; authorizing grants to counties for voting equipment and vote-counting equipment; establishing the Commission on Service Innovation; allowing contiguous counties to establish a home rule charter commission; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 1.141, by adding subdivisions; 3.9225, subdivision 5; 3.98, subdivision 2; 16A.275; 16B.24, subdivision 3; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 43A.50, subdivision 2; 79.34, subdivision 1; 318.02, subdivision 1; 557.01; proposing coding for new law in Minnesota Statutes, chapters 3; 16C; proposing coding for new law as Minnesota Statutes, chapter 372A; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

Senate File No. 3134 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 14, 2010

Senator Betzold moved that the Senate do not concur in the amendments by the House to S.F. No. 3134, and that a Conference Committee of 5 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.

RECESS

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

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

APPOINTMENTS

Senator Pogemiller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

S.F. No. 3134: Senators Betzold, Robling, Rest, Olseen and Kubly.

Senator Pogemiller moved that the foregoing appointments be approved. The motion prevailed.

MOTIONS AND RESOLUTIONS

Senator Berglin moved that the name of Senator Latz be added as a co-author to S.F. No. 3425. The motion prevailed.

Senators Metzen, Senjem and Pogemiller introduced –

Senate Resolution No. 201: A Senate resolution honoring Eric Eskola on the occasion of his retirement from WCCO AM.

WHEREAS, Eric Eskola is widely known as a fair and objective journalist, renowned for his excellent legislative coverage and unique ability to get along with and interview politicians of every political stripe; and

WHEREAS, a hard worker who rides the bus to the Capitol early in the morning in order to get the early "scoop" on the stories of the day, or bums a ride from other reporters for events outside the halls of the Capitol, Eric is a native of Duluth who graduated from Duluth East High School and received his degree from the University of Minnesota-Duluth in 1975; and

WHEREAS, for more than two decades, Eric has been a familiar voice on WCCO radio, starting off as a general assignment reporter in 1980 and taking over the state political news beat in 1985; along with his wife Cathy Wurzer, he and his trademark scarf can be seen each Friday night at 7 p.m. on TPT's weekly public affairs program "Almanac"; and

WHEREAS, known for his over-stuffed museum-like office, complete with a moosehead on the wall, Eric was named one of the 100 Smartest Minnesotans by Law and Politics Magazine and has won several Associated Press and broadcasting awards, always bringing timely and accurate news from the Capitol each day to his listeners on WCCO; and

WHEREAS, Eric is a member of the Society of Professional Journalists, and in his spare time, he enjoys playing golf, playing guitar, and collecting guitars; and

WHEREAS, after 30 years, Eric is leaving WCCO, and it is widely recognized that many a Capitol employee or regular became a loyal WCCO listener because of Eric Eskola; and

WHEREAS, it is a relief to those who count on Eric's political insights that they will still be able to follow his exploits on "Almanac" every week; and

WHEREAS, Eric's wit, humor, and political insight have endeared him to all throughout his career, and his engaging coverage of politics on daily radio will be deeply missed; NOW, THEREFORE,

BE IT RESOLVED by the Senate of the State of Minnesota that it thanks and commends Eric Eskola for the vital role he has played as political reporter for WCCO AM, and extends best wishes to him for all his future endeavors.

BE IT FURTHER RESOLVED that the Secretary of the Senate is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Chair of the Senate Rules and Administration Committee, and transmit it to Eric Eskola.

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

RECESS

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

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

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12, Senator Moua moved that the following members be excused for a Conference Committee on S.F. No. 2634 at 12:00 noon:

Senators Moua, Higgins and Latz. The motion prevailed.

RECESS

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

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

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 3834:

H.F. No. 3834: A bill for an act relating to state government; requiring the commissioner of Minnesota Management and Budget to provide a cash flow forecast to the governor and legislature; proposing coding for new law in Minnesota Statutes, chapter 16A.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Carlson, Huntley, Lenczewski, Greiling and Dean have been appointed as such committee on the part of the House.

House File No. 3834 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

Senator Cohen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 3834, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2801:

H.F. No. 2801: A bill for an act relating to establishing complete streets program and requiring reports; amending Minnesota Statutes 2008, sections 162.02, subdivision 3a; 162.09, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 174.

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

Obermueller, Morrow and Hoppe have been appointed as such committee on the part of the House.

House File No. 2801 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

Senator Murphy moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2801, 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.

RECESS

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

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

APPOINTMENTS

Senator Pogemiller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 3834: Senators Cohen, Bakk, Stumpf, Berglin and Senjem.

H.F. No. 2801: Senators Murphy, Lourey and Jungbauer.

H.F. No. 3729: Senator Rosen replaces Senator Senjem.

Senator Pogemiller moved that the foregoing appointments be approved. The motion prevailed.

REPORTS OF COMMITTEES

Senator Pogemiller moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

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

Senate Resolution No. 198: A Senate resolution relating to rules; providing for debate on conference committee reports; amending permanent rule 36.

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

Delete everything after the resolving clause and insert:

"Permanent Rule 7 is amended to read:

7. BUDGET TARGETS

7.1 The Committees on Taxes and on Finance must hold hearings as necessary to determine state revenues and appropriations for the fiscal biennium.

7.2 At least 15 days before the deadline for divisions of the Committee on Finance to act favorably on omnibus appropriations bills, targets for the general fund budget must be publicly announced.

7.3 The omnibus tax and appropriation bills are:

- (1) the omnibus tax bill;
- (2) the E-12 education appropriations bill;
- (3) the higher education appropriations bill;
- (4) the health and human services appropriations bill;
- (5) the environment, energy, and natural resources appropriations bill;
- (6) the agriculture and veterans appropriations bill;
- (7) the economic development and housing appropriations bill;
- (8) the public safety appropriations bill;
- (9) the judiciary appropriations bill;
- (10) the state government appropriations bill;
- (11) the transportation appropriations bill; and
- (12) the omnibus capital investment bill.

An omnibus appropriation or tax bill may not be divided.

7.4 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will increase net appropriations from a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding increase in net revenue.

7.5 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will reduce net revenue to a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding reduction in net appropriations.

7.6 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will change appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate, or will create or increase the amount of a tax expenditure by reducing appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate.

Permanent Rule 12 is amended by adding a rule to read:

12.12 No Senate committee, division, or subcommittee shall permit any appointed officer or employee of the executive branch, registered lobbyist, or lobbyist principal to be seated at the committee table with members of the Senate during an official meeting of a committee of the Senate.

Permanent Rule 36 is amended by adding a rule to read:

36.11 Debate on the report of a conference committee is in order at any time after the report has been made available electronically or printed and placed on the desk of each member, or at an earlier time agreed to by a majority of the whole Senate."

Delete the title and insert:

"A Senate resolution relating to rules; applying certain provisions of permanent rule 7 to unofficial engrossments of House files; prohibiting certain persons from sitting at the committee table; providing for debate on conference committee reports; amending permanent rules 7, 12, and 36."

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

Senator Pogemiller moved that Senate Resolution No. 198 be laid on the table. The motion prevailed.

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 3222: A bill for an act relating to capital investment; appropriating money for higher education asset preservation and replacement; authorizing the sale and issuance of state bonds.

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

Delete everything after the enacting clause and insert:

"Section 1. Laws 2005, chapter 20, article 1, section 7, subdivision 14, as amended by Laws

2006, chapter 258, section 43, is amended to read:

Subd. 14. **State Trail Development**

7,910,000

To acquire land for and to develop and rehabilitate state trails as specified in Minnesota Statutes, section 85.015.

\$1,500,000 is for the Blazing Star Trail and, notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization and appropriation of bond proceeds for this project are available until June 30, 2014.

\$435,000 is for a segment of the Blufflands Trail, from Preston to Forestville.

\$200,000 is for a segment of the Blufflands Trail, from Chester Woods County Park to the city limits of Rochester in Olmsted County, primarily for nonmotorized riding and hiking.

\$400,000 is for the Douglas Trail.

\$400,000 is for the Gateway Trail.

\$725,000 is for the Gitchi Gami Trail.

\$500,000 is for the Glacial Lakes Trail.

\$200,000 is for the Goodhue Pioneer Trail.

\$300,000 is for the Heartland Trail.

\$300,000 is for the Mill Towns Trail.

\$100,000 is for the Minnesota River Trail.

\$2,400,000 is for the Paul Bunyan Trail: \$320,000 is for an extension across Excelsior Road in the city of Baxter to connect with the Oberstar Tunnel and may be used to match federal money for the trail; \$900,000 is to acquire right-of-way in the city of Bemidji and to rehabilitate the trail.

\$450,000 is for the Shooting Star Trail.

Sec. 2. Laws 2006, chapter 258, section 7, subdivision 23, is amended to read:

Subd. 23. **Trail connections**

2,010,000

For matching grants under Minnesota

Statutes, section 85.019, subdivision 4c.

\$500,000 is for a grant to Carlton County to predesign, design, and construct a nonmotorized pedestrian trail connection to the Willard Munger State Trail from the city of Carlton through the city of Scanlon continuing to the city of Cloquet, along the St. Louis River in Carlton County.

\$260,000 is to provide the state match for the cost of the Soo Line Multiuse Recreational Bridge project over marked Trunk Highway 169 in Mille Lacs County.

\$175,000 is for a grant to the city of Bowlus in Morrison County to design, construct, furnish, and equip a trailhead center at the head of the Soo Line Recreational Trail.

\$125,000 is for a grant to Morrison County to predesign, design, construct, furnish, and equip a park-and-ride lot and restroom building adjacent to the Soo Line Recreational Trail at U.S. Highway 10.

\$950,000 is for a grant to the St. Louis and Lake Counties Regional Railroad Authority for land acquisition, engineering, construction, furnishing, and equipping of a 19-mile "Boundary Waters Connection" of the Mesabi Trail from Bearhead State Park to the International Wolf Center in Ely. This appropriation is contingent upon a matching contribution of \$950,000 from other sources, public or private. Notwithstanding Minnesota Statutes, section 16A.642, the bond authorization and appropriation of bond proceeds for this project are available until June 30, 2014.

Sec. 3. Laws 2008, chapter 179, section 4, subdivision 4, is amended to read:

Subd. 4. Independent School District No. 279, Osseo

2,000,000

For a grant to Independent School District No. 279, Osseo, to predesign, design, construct, furnish, and equip the Northwest Hennepin Family Center and parking facility in Brooklyn Center. This appropriation is

not available until the commissioner has determined that at least an equal amount has been committed from nonstate sources.

No later than five years after the facility opens, the school district must report to the commissioner of education on how the facility has improved student achievement and reduced educational disparities.

Sec. 4. Laws 2008, chapter 179, section 18, subdivision 6, is amended to read:

Subd. 6. Hennepin County Medical Center 820,000

For a grant to Hennepin County to predesign ~~and~~, design, construct, furnish, and equip an outpatient clinic and health education facility at Hennepin County Medical Center that includes teaching clinics and an education center.

Sec. 5. Laws 2009, chapter 93, article 1, section 16, subdivision 5, is amended to read:

Subd. 5. Olmsted County - Steam Line Extension 5,000,000

For a grant to Olmsted County to design and construct approximately 1.25 miles of a new steam pipeline from the Olmsted Waste-to-Energy Facility to the Rochester Community and Technical College Campus, supplying steam heat and cooling from a renewable energy source. Any portion of this appropriation remaining after the construction is completed is reappropriated to the Board of Trustees of the Minnesota State Colleges and Universities to convert heating and cooling systems within existing Rochester Community and Technical College buildings from electrical energy to steam-derived energy.

This appropriation is not available until the commissioner has determined that at least an equal amount has been committed from Olmsted County.

Sec. 6. Laws 2010, chapter 189, section 14, subdivision 2, is amended to read:

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**Subd. 2. Emergency Management Training Facility
- Camp Ripley**

6,000,000

To the commissioner of administration to predesign, design, construct, furnish, and equip an emergency vehicle operator's course at Camp Ripley.

Nonmilitary public safety personnel from Minnesota must be given access to the facility.

Sec. 7. Laws 2010, chapter 189, section 19, subdivision 4, is amended to read:

Subd. 4. Minneapolis Veterans Home

9,450,000

To ~~remodel~~ predesign, design, construct, furnish, and equip the renovation of building 16 to accommodate a domiciliary program, demolish the north wing of building 17, redesign a new building 17, and design, construct, furnish, and equip up to a 72-bed single-occupancy person-centered nursing care building the north wing of the new building 17, including site improvements and amenities for building and program support.

Sec. 8. Laws 2010, chapter 189, section 21, subdivision 4, is amended to read:

Subd. 4. Redevelopment Account

5,000,000

For purposes of the redevelopment account under Minnesota Statutes, sections 116J.571 to 116J.575.

\$2,000,000 is for a grant to the city of Lake Elmo. \$1,000,000 must be used to design and construct an expansion of the city's water pumping, storage, and distribution system to provide approximately 1,000 additional service hookups and replace a city well lost to contamination by perfluorochemicals (PFC's). \$1,000,000 must be used to design and construct the extension of a 16-inch sanitary sewer force main from the Metropolitan Council interceptor on Interstate Highway 94 to 30th Street to the proposed southern edge of the Lake Elmo Village area. This appropriation is not

available until the ~~council~~ commissioner has determined that at least an equal amount has been committed to the project from nonstate sources.

Notwithstanding Minnesota Statutes, section 16A.642, grant number RDGP-06-0007-0-FY07, awarded in September 2006 to the city of Tower from an appropriation to the redevelopment account in Laws 2005, chapter 20, article 1, section 23, subdivision 11, is available until June 30, 2013.

Sec. 9. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to capital investment; clarifying and modifying previous appropriations of state bond proceeds; extending availability of appropriations for the Blazing Star State Trail and Mesabi Trail; clarifying content of Northwest Hennepin Family Center; authorizing use of previous appropriation to construct and equip an outpatient clinic and health education facility at Hennepin County Medical Center; reappropriating money to convert heating and cooling systems at Rochester Community and Technical College; authorizing use of previous appropriation to predesign an emergency vehicle operator's course at Camp Ripley; clarifying use of appropriation to renovate buildings 16 and 17 at Minneapolis Veterans Home; clarifying match required for a grant to the city of Lake Elmo; amending Laws 2005, chapter 20, article 1, section 7, subdivision 14, as amended; Laws 2006, chapter 258, section 7, subdivision 23; Laws 2008, chapter 179, sections 4, subdivision 4; 18, subdivision 6; Laws 2009, chapter 93, article 1, section 16, subdivision 5; Laws 2010, chapter 189, sections 14, subdivision 2; 19, subdivision 4; 21, subdivision 4."

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

SECOND READING OF SENATE BILLS

S.F. No. 3222 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

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

S.F. No. 3134: A bill for an act relating to government operations; describing how to fold the state flag; defining certain powers of the Council on Black Minnesotans; requiring fiscal notes to include information about job creation; limiting requirements for approval by individual legislators in the disposal process for certain state-owned buildings; increasing threshold requirements for deposit of agency receipts; imposing requirements on agencies for contracts over a certain amount; requiring state chief information officer to develop standards for enhanced public access to state electronic records; clarifying use of fees in the combined charities campaign; transferring membership in the Workers' Compensation Reinsurance Association from the commissioner of management and budget to the commissioner of administration; eliminating and modifying fees for certain filings with the secretary of state; authorizing grants to counties for voting equipment and vote-counting equipment; establishing the Commission on Service Innovation; allowing contiguous counties to establish a home rule charter commission; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 1.141, by adding subdivisions; 3.9225, subdivision 5; 3.98, subdivision 2; 16A.275; 16B.24, subdivision 3; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 43A.50, subdivision 2; 79.34, subdivision 1; 318.02, subdivision 1; 557.01; proposing coding for new law in Minnesota Statutes, chapters 3; 16C; proposing coding for new law as Minnesota Statutes, chapter 372A; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

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

Kahn, Winkler, Simon, Kalin and Smith.

Senate File No. 3134 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

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. 2629: A bill for an act relating to elections; appropriating money for grants to counties for voting equipment and vote-counting equipment; specifying grant terms and procedures; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

Senate File No. 2629 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

CONCURRENCE AND REPASSAGE

Senator Sieben moved that the Senate concur in the amendments by the House to S.F. No. 2629 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 2629: A bill for an act relating to operations of the secretary of state; regulating filings with the secretary of state; appropriating money for grants to counties for voting equipment and vote-counting equipment; specifying grant terms and procedures; amending Minnesota Statutes 2008, sections 318.02, subdivision 1; 557.01; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

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

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

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

Those who voted in the affirmative were:

Anderson	Fischbach	Latz	Pappas	Sieben
Bakk	Fobbe	Limmer	Parry	Skoe
Berglin	Foley	Lourey	Pogemiller	Skogen
Betzold	Gimse	Lynch	Prettner Solon	Sparks
Bonoff	Hann	Marty	Rest	Stumpf
Carlson	Higgins	Metzen	Robling	Tomassoni
Chaudhary	Ingebrigtsen	Michel	Rosen	Vandever
Clark	Jungbauer	Moua	Rummel	Vickerman
Cohen	Kelash	Murphy	Saltzman	Wiger
Dahle	Koch	Olseen	Saxhaug	
Dibble	Koering	Olson, G.	Scheid	
Dille	Kubly	Olson, M.	Senjem	
Doll	Langseth	Ortman	Sheran	

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

MOTIONS AND RESOLUTIONS - CONTINUED

SUSPENSION OF RULES

Pursuant to Joint Rule 3.01, Senator Pogemiller moved that the germaneness requirement of Joint Rule 2.06 be suspended as it relates to the Conference Committee Report on H.F. No. 3834. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate revert to the Order of Business of Messages From the House. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 910, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 910 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 910

A bill for an act relating to notaries public; modifying fees; regulating commissions and notarial stamps and seals; providing clarifications; providing for the accommodations of physical limitations; amending Minnesota Statutes 2008, sections 358.028; 358.09; 358.15; 358.47; 358.48; 359.01, subdivision 2; 359.02; 359.03, subdivisions 1, 2, 3, 4; 359.061; 359.12; Minnesota Statutes 2009 Supplement, sections 357.021, subdivision 2; 359.01, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 359; repealing Minnesota Statutes 2008, section 359.05.

May 14, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 910 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 910 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 357.021, subdivision 2, is amended to read:

Subd. 2. **Fee amounts.** The fees to be charged and collected by the court administrator shall be as follows:

(1) In every civil action or proceeding in said court, including any case arising under the tax laws of the state that could be transferred or appealed to the Tax Court, the plaintiff, petitioner, or other moving party shall pay, when the first paper is filed for that party in said action, a fee of \$310, except in marriage dissolution actions the fee is \$340.

The defendant or other adverse or intervening party, or any one or more of several defendants or

other adverse or intervening parties appearing separately from the others, shall pay, when the first paper is filed for that party in said action, a fee of \$310, except in marriage dissolution actions the fee is \$340.

The party requesting a trial by jury shall pay \$100.

The fees above stated shall be the full trial fee chargeable to said parties irrespective of whether trial be to the court alone, to the court and jury, or disposed of without trial, and shall include the entry of judgment in the action, but does not include copies or certified copies of any papers so filed or proceedings under chapter 103E, except the provisions therein as to appeals.

(2) Certified copy of any instrument from a civil or criminal proceeding, \$14, and \$8 for an uncertified copy.

(3) Issuing a subpoena, \$16 for each name.

(4) Filing a motion or response to a motion in civil, family, excluding child support, and guardianship cases, \$100.

(5) Issuing an execution and filing the return thereof; issuing a writ of attachment, injunction, habeas corpus, mandamus, quo warranto, certiorari, or other writs not specifically mentioned, \$55.

(6) Issuing a transcript of judgment, or for filing and docketing a transcript of judgment from another court, \$40.

(7) Filing and entering a satisfaction of judgment, partial satisfaction, or assignment of judgment, \$5.

(8) Certificate as to existence or nonexistence of judgments docketed, \$5 for each name certified to.

(9) Filing and indexing trade name; or recording basic science certificate; or recording certificate of physicians, osteopaths, chiropractors, veterinarians, or optometrists, \$5.

(10) For the filing of each partial, final, or annual account in all trusteeships, \$55.

(11) For the deposit of a will, \$27.

(12) For recording notary commission, \$100, ~~of which, notwithstanding subdivision 1a, paragraph (b), \$80 must be forwarded to the commissioner of management and budget to be deposited in the state treasury and credited to the general fund~~ \$20.

(13) Filing a motion or response to a motion for modification of child support, a fee of \$100.

(14) All other services required by law for which no fee is provided, such fee as compares favorably with those herein provided, or such as may be fixed by rule or order of the court.

(15) In addition to any other filing fees under this chapter, a surcharge in the amount of \$75 must be assessed in accordance with section 259.52, subdivision 14, for each adoption petition filed in district court to fund the fathers' adoption registry under section 259.52.

The fees in clauses (3) and (5) need not be paid by a public authority or the party the public authority represents.

Sec. 2. Minnesota Statutes 2008, section 358.028, is amended to read:

358.028 LEGISLATORS, OFFICIAL SEALS.

Every member of the legislature, while in office and residing in the district from which elected, may have an official ~~seal~~ notarial stamp, in the form provided in section 358.03, with which to authenticate official acts provided for in section 358.15.

Sec. 3. Minnesota Statutes 2008, section 358.09, is amended to read:

358.09 BY WHOM AND HOW ADMINISTERED.

Any officer authorized by this chapter to take and certify acknowledgments may administer an oath, and, if the same be in writing, may certify the same under the officer's signature, and ~~the seal of office, if there be one~~ an official notarial stamp, in the following form: "Subscribed and sworn to before me this day of, .." The mode of administering an oath commonly practiced in the place where it is taken shall be followed, including, in this state, the ceremony of uplifting the hand.

Sec. 4. Minnesota Statutes 2008, section 358.15, is amended to read:

358.15 EX OFFICIO NOTARY PUBLIC.

(a) The following officers have the powers of a notary public within the state:

(1) every member of the legislature, while still a resident in the district from which elected; but no fee or compensation may be received for exercising these powers. The form of the official signature in these cases is: "A.B., Representative (or Senator), District, Minnesota, ex officio notary public. My term expires January 1,"

(2) the clerks or recorders of towns, and cities. The form of the official signature in these cases is: "A.B. (official title), County, Minnesota, ex officio notary public. My term expires (or where applicable) my term is indeterminate.";

(3) court commissioners, county recorders, and county auditors, and their several deputies, and county commissioners, all within their respective counties. The form of the official signature in these cases: "A.B. (official title), County, Minnesota, ex officio notary public. My term expires (or where applicable) my term is indeterminate."; and

(4) peace officers licensed under section 626.845 for the purpose of administering oaths upon information submitted to establish probable cause to any judge or judicial officer under the Rules of Criminal Procedure. The form of the official signature in these cases is "A.B., Peace Officer License Number, County, Minnesota. My license expires June 30,"

(b) An officer using the powers of a notary public within the state pursuant to clauses (1) to (3) shall obtain an official stamp as specified under section 359.03, subdivisions 1, 3, and 4, with which to authenticate official acts.

(c) The county auditor and county recorder, and their deputies, and the clerk or recorder of a town or city with ex officio powers under this section may authenticate official acts related to the statutory duties of their respective offices without using the official stamp for 90 days after initially assuming the office, or until the officer acquires an official stamp, whichever is earlier.

EFFECTIVE DATE; APPLICABILITY. This section is effective August 1, 2010, except that an officer with ex officio powers subject to paragraph (c) may authenticate official acts related to the officer's statutory duties without using the official stamp for up to 90 days after the effective date of this section, or until the officer acquires an official stamp, whichever is earlier.

Sec. 5. Minnesota Statutes 2008, section 358.47, is amended to read:

358.47 CERTIFICATE OF NOTARIAL ACTS.

(a) A notarial act must be evidenced by a certificate physically or electronically signed and dated by a notarial officer in a manner that attributes such signature to the notary public ~~identified on the commission.~~ The notary's name as it appears on the official notarial stamp and on any jurat or certificate of acknowledgment and in the notary's commission must be identical. The certificate must include identification of the jurisdiction in which the notarial act is performed and the title of the office of the notarial officer and ~~may~~ must include the official notarial stamp or seal of office, or the notary's electronic seal pursuant to section 359.03. ~~If the officer is a notary public, the certificate must also indicate the date of expiration, if any, of the commission of office, but omission of that information may subsequently be corrected.~~ If the officer is a commissioned officer on active duty in the military service of the United States, it must also include the officer's rank.

(b) A certificate of a notarial act is sufficient if it is in English and meets the requirements of subsection (a) and it:

- (1) is in the short form set forth in section 358.48;
- (2) is in a form otherwise prescribed by the law of this state;
- (3) is in a form prescribed by the laws or regulations applicable in the place in which the notarial act was performed; or
- (4) sets forth the actions of the notarial officer and those are sufficient to meet the requirements of the designated notarial act.

(c) By executing a certificate of a notarial act, the notarial officer certifies that the officer has made the determinations required by section 358.42.

Sec. 6. Minnesota Statutes 2008, section 358.48, is amended to read:

358.48 SHORT FORMS.

The following short form certificates of notarial acts are sufficient for the purposes indicated, if completed with the information required by section 358.47, subsection (a):

- (1) For an acknowledgment in an individual capacity;

State of

County of

This instrument was acknowledged before me on(date) by(name(s) of person(s)).

.....
(Signature of notarial officer)

(Seal, if any Stamp)

.....
Title (and Rank)
My commission expires:

(2) For an acknowledgment in a representative capacity:

State of
County of

This instrument was acknowledged before me on(date) by(name(s) of person(s)) as(type of authority, e.g., officer, trustee, etc.) of(name of party on behalf of whom the instrument was executed).

.....
(Signature of notarial officer)

(Seal, if any Stamp)

.....
Title (and Rank)
My commission expires:

(3) For a verification upon oath or affirmation:

State of
County of

Signed and sworn to (or affirmed) before me on(date) by(name(s) of person(s) making statement).

.....
(Signature of notarial officer)

(Seal, if any Stamp)

.....
Title (and Rank)
My commission expires:

(4) For witnessing or attesting a signature:

State of

County of

Signed or attested before me on(date) by(name(s) of person(s)).

.....
(Signature of notarial officer)

(Seal, if anyStamp)

.....
Title (and Rank)
My commission expires:

(5) For attestation of a copy of a document:

State of

County of

I certify that this is a true and correct copy of a document in the possession of

Dated:

.....
(Signature of notarial officer)

(Seal, if anyStamp)

.....
Title (and Rank)
My commission expires:

Sec. 7. Minnesota Statutes 2008, section 359.01, subdivision 2, is amended to read:

Subd. 2. **Nonresident notaries.** (a) The governor, by and with the advice and consent of the senate, may appoint as notary public a person who is not a resident of this state if:

(1) the person is a resident of Wisconsin, Iowa, North Dakota, or South Dakota, ~~and of a county that shares a boundary with this state;~~

(2) the person designates the secretary of state as agent for the service of process for all purposes relating to notarial acts and for receipt of all correspondence relating to notarial acts; and

(3) the person designates the Minnesota county in which the person's notary commission will be recorded pursuant to section 359.061.

(b) The secretary of state shall receive applications for nonresident notary appointments and commissions, shall keep a register of those persons appointed and commissioned as notaries public by the governor with the advice and consent of the senate, shall update that register when informed

of a change in name and address by a notary public, shall process applications by a notary public for reappointment, shall receive fees for the performance of these functions to be deposited into the general fund, and shall perform those clerical and administrative duties associated with these functions. The governor may also receive such applications directly.

Sec. 8. Minnesota Statutes 2009 Supplement, section 359.01, subdivision 3, is amended to read:

Subd. 3. **Fees.** (a) When making application for a commission the applicant must submit, along with the information required by the secretary of state, a nonrefundable fee of ~~\$40~~ \$120, which shall be forwarded by the secretary of state to the commissioner of management and budget to be deposited in the state treasury and credited to the general fund.

(b) Except as otherwise provided in paragraph (a), all fees shall be retained by the secretary of state and are nonreturnable, except for an overpayment of a fee.

Sec. 9. Minnesota Statutes 2008, section 359.02, is amended to read:

359.02 TERM.

A notary commissioned under section 359.01 holds office ~~for five years~~ until January 31 of the fifth year following the year the commission was issued, unless sooner removed by the governor or the district court, or by action of the commissioner of commerce. ~~Within 60 days~~ Six months before the expiration of the commission, a notary may ~~apply for reappointment~~ renew the notary's commission for a new term to commence and to be designated in the new commission as beginning upon the day immediately following the date of the expiration. A notary whose commission expires ~~on January 1, 2005,~~ may apply for reappointment ~~six months before~~ after the expiration date. The reappointment or renewal takes effect and is valid although the appointing governor may not be in the Office of Governor on the effective day.

~~All notary commissions expire on January 31 of the fifth year following the year of issue.~~

EFFECTIVE DATE. The provisions of this section relating to the time during which a notary's commission may be renewed are effective July 31, 2011. The remainder of this section is effective August 1, 2010.

Sec. 10. Minnesota Statutes 2008, section 359.03, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Every notary, including an ex officio notary under section 358.15, shall ~~get~~ obtain an official seal/notarial stamp as specified in subdivision 3, with which to authenticate official acts, and upon which shall be engraved the arms of this state, the words "notarial seal." The seal, ~~with~~ official notarial stamp, and the notary's official register, is journal, are the personal property of the notary and are exempt from execution, and, on death or removal from office, the register must be deposited with the court administrator of the district court of the notary's county.

Sec. 11. Minnesota Statutes 2008, section 359.03, subdivision 2, is amended to read:

Subd. 2. **Validation and legalization of certain instruments.** (a) All instruments heretofore duly made and executed which have been acknowledged before a notary public as provided by law, but the seal or stamp used thereon has engraved on it "notary public," are hereby validated and legalized, and in case such instruments are recorded, the recording is hereby validated and legalized, and all such instruments are validated to the same extent as though properly sealed at the time of

their acknowledgment. This subdivision shall not affect any action now pending in any of the courts of this state.

(b) The official notarial stamp required by this section, whether applied to the record physically or electronically, is deemed to be a "seal" for purposes of the admission of a document in court.

Sec. 12. Minnesota Statutes 2008, section 359.03, subdivision 3, is amended to read:

Subd. 3. **Specifications.** ~~The seal of every notary public may be affixed by a stamp that will print a seal which legibly reproduces under photographic methods~~ The official notarial stamp consists of the seal of the state of Minnesota, the name of the notary as it appears on the commission or the name of the ex officio notary, the words "Notary Public," or "Notarial Officer" in the case of an ex officio notary, and the words "My commission expires (or where applicable) My term is indeterminate," with the expiration date shown thereon or may be an electronic form on it and must be able to be reproduced in any legibly reproducible manner. A physical seal used to authenticate a paper document ~~The official notarial stamp shall be a rectangular form of not more than three-fourths of an inch vertically by 2-1/2 inches horizontally, with a serrated or milled edge border, and shall contain the information required by this subdivision.~~

Sec. 13. Minnesota Statutes 2008, section 359.03, subdivision 4, is amended to read:

Subd. 4. **Electronic seal.** ~~Notarial stamp may be affixed electronically. A notary's electronic seal shall contain the notary's name, jurisdiction, and commission expiration date, and shall be logically and securely affixed to or associated with the electronic record being notarized. The information required by this section may be affixed electronically and shall be logically and securely affixed or associated with the electronic record being notarized.~~

Sec. 14. Minnesota Statutes 2008, section 359.061, is amended to read:

359.061 RECORD OF COMMISSION; CERTIFICATE.

Subdivision 1. **Resident notaries.** The commission of every notary commissioned under section 359.01, together with: (1) a signature that matches the first, middle, and last name as listed on the notary's commission and shown on the notarial stamp, and (2) a sample signature in the style in which the notary will actually execute notarial acts, shall be recorded in the office of the court administrator of the district court of the notary's county of residence or in the county department to which duties relating to notaries public have been assigned under section 485.27, in a record kept for that purpose.

Subd. 2. **Nonresident notaries.** The commission of a nonresident notary must be recorded in the Minnesota county the notary designates pursuant to section 359.01, subdivision 2, clause (3), in the office of the court administrator of the district court of the Minnesota county that borders the county in which the nonresident notary resides of that county or in the county department to which duties relating to notaries public have been assigned under section 485.27.

Subd. 3. **Certificate of court administrator.** The court administrator, when requested, shall certify to official acts in the manner and for the fees prescribed by statute or court rule.

Subd. 4. **County notary certificate.** The county department, to which duties relating to notaries public have been assigned under section 485.27, shall certify to official acts under this section for the fee of \$5 and in the form of:

State of Minnesota

..... County

"I the undersigned, in and for said county and state, do hereby certify that, whose name is subscribed to on the attached document held the office of notary public in said county and state at the date of said subscription and was authorized under the laws of this state to take acknowledgments, to administer oaths, take depositions, acknowledgments of deeds, and other written instruments, and exercise all such powers and duties authorized by the laws of Minnesota as notary public. I further certify that I have compared the subscribed signature to the signature on file in this office and believe them to be the same.

Signed this date in the county of, state of Minnesota."

Signature

Title

Sec. 15. [359.091] ACCOMMODATION OF PHYSICAL LIMITATIONS.

(a) A notary public may certify as to the subscription or signature of an individual when it appears that the individual has a physical limitation that restricts the individual's ability to sign by writing or making a mark, pursuant to the following:

(1) the name of an individual may be signed, or attached electronically in the case of an electronic record, by another individual other than the notary public at the direction and in the presence of the individual whose name is to be signed and in the presence of the notary public. The signature may be made by a rubber stamp facsimile of the person's actual signature, mark, or a signature of the person's name or mark made by another and adopted for all purposes of signature by the person with a physical limitation; and

(2) the words "Signature written by" or "Signature attached by" in the case of an electronic record, "(name of individual directed to sign or directed to attach) at the direction and in the presence of (name as signed) on whose behalf the signature was written" or "attached electronically" in the case of an electronic record, or words of substantially similar effect must appear under or near the signature.

(b) A notary public may use signals or electronic or mechanical means to take an acknowledgment from, administer an oath or affirmation to, or otherwise communicate with any individual in the presence of such notary public when it appears that the individual is unable to communicate verbally or in writing.

Sec. 16. Minnesota Statutes 2008, section 359.12, is amended to read:

359.12 ADMINISTRATIVE ACTIONS AND PENALTIES.

Every notary who shall charge or receive a fee or reward for any act or service done or rendered as a notary greater than the amount allowed by law, or who dishonestly or unfaithfully discharges duties as notary, or who has pleaded guilty, with or without explicitly admitting guilt, plead nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, is subject to the penalties imposed pursuant to section 45.027, ~~except that~~. A notary may

be removed from office only by the governor ~~or~~, the district court, or the commissioner of commerce. The commissioner of commerce has all the powers provided by section 45.027 and shall proceed in the manner provided by that section in actions against notaries.

Notwithstanding section 359.03, subdivision 1, upon removal from office by the commissioner of commerce, a notary public shall deliver the notary's official notarial stamp to the commissioner of commerce.

Sec. 17. Minnesota Statutes 2009 Supplement, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. **Term of license; fee; premarital education.** (a) The local registrar shall examine upon oath the parties applying for a license relative to the legality of the contemplated marriage. If one party is unable to appear in person, the party appearing may complete the absent applicant's information. The local registrar shall provide a copy of the marriage application to the party who is unable to appear, who must verify the accuracy of the party's information in a notarized statement. The marriage license must not be released until the verification statement has been received by the local registrar. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the local registrar shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the county seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. Except as provided in paragraph (c), the local registrar shall collect from the applicant a fee of \$110 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the local registrar for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A local registrar who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made may authorize the license to be issued at any time before expiration of the five-day period required under paragraph (a). A waiver of the five-day waiting period must be in the following form:

STATE OF MINNESOTA, COUNTY OF (insert county name)

APPLICATION FOR WAIVER OF MARRIAGE LICENSE WAITING PERIOD:

..... (legal names of the applicants)

Represent and state as follows:

That on (date of application) the applicants applied to the local registrar of the above-named county for a license to marry.

That it is necessary that the license be issued before the expiration of five days from the date of the application by reason of the following: (insert reason for requesting waiver of waiting period)

.....

.....
.....

WHEREAS, the applicants request that the judge waive the required five-day waiting period and the local registrar be authorized and directed to issue the marriage license immediately.

Date:

.....
.....

(Signatures of applicants)

Acknowledged before me on this day of

.....

NOTARY PUBLIC

COURT ORDER AND AUTHORIZATION:

STATE OF MINNESOTA, COUNTY OF (insert county name)

After reviewing the above application, I am satisfied that an emergency or extraordinary circumstance exists that justifies the issuance of the marriage license before the expiration of five days from the date of the application. IT IS HEREBY ORDERED that the local registrar is authorized and directed to issue the license forthwith.

.....

..... (judge of district court)

..... (date).

(c) The marriage license fee for parties who have completed at least 12 hours of premarital education is \$40. In order to qualify for the reduced license fee, the parties must submit at the time of applying for the marriage license a statement that is signed, dated, and notarized ~~statement~~ or marked with a church seal, from the person who provided the premarital education on their letterhead confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(d) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(e) If section 259.13 applies to the request for a marriage license, the local registrar shall grant the marriage license without the requested name change. Alternatively, the local registrar may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 18. REPEALER.

Minnesota Statutes 2008, section 359.05, is repealed."

Delete the title and insert:

"A bill for an act relating to notaries public; modifying fees; regulating commissions and notarial stamps and seals; providing clarifications; providing for the accommodations of physical limitations; modifying a provision relating to premarital education; amending Minnesota Statutes 2008, sections 358.028; 358.09; 358.15; 358.47; 358.48; 359.01, subdivision 2; 359.02; 359.03, subdivisions 1, 2, 3, 4; 359.061; 359.12; Minnesota Statutes 2009 Supplement, sections 357.021, subdivision 2; 359.01, subdivision 3; 517.08, subdivision 1b; proposing coding for new law in Minnesota Statutes, chapter 359; repealing Minnesota Statutes 2008, section 359.05."

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

House Conferees: Melissa Hortman, Gail Kulick Jackson, Mark Murdock

Senate Conferees: Don Betzold, Steve Dille, Gary Kubly

Senator Betzold moved that the foregoing recommendations and Conference Committee Report on H.F. No. 910 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 910 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 58 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Bonoff	Cohen	Doll	Gimse
Bakk	Carlson	Dahle	Fischbach	Hann
Berglin	Chaudhary	Dibble	Fobbe	Higgins
Betzold	Clark	Dille	Foley	Ingebrigtsen

Jungbauer	Lynch	Olson, M.	Rummel	Sparks
Kelash	Marty	Ortman	Saltzman	Stumpf
Koch	Metzen	Pappas	Saxhaug	Tomassoni
Koering	Michel	Pogemiller	Scheid	Torres Ray
Kubly	Moua	Prettner Solon	Sheran	Vickerman
Langseth	Murphy	Rest	Sieben	Wiger
Latz	Olseen	Robling	Skoe	
Lourey	Olson, G.	Rosen	Skogen	

Those who voted in the negative were:

Limmer	Parry	Senjem	Vandev eer
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So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2839 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2839

A bill for an act relating to commerce; regulating various licensees and other entities; modifying definitions, informational requirements, continuing education requirements, information reporting requirements, and notice requirements; making various housekeeping, technical, and clarifying changes; regulating securities; reorganizing and modifying various provisions relating to real estate brokers, salespersons, and closing agents; modifying the membership requirements of, and appointment authority to, the real estate appraiser advisory board; regulating certain workers' compensation self-insurers; amending Minnesota Statutes 2008, sections 45.0112; 60A.031, subdivision 4; 60A.084; 60A.204; 60A.36, by adding a subdivision; 60K.31, subdivision 10; 61A.092, subdivision 3; 62A.046, subdivision 6, by adding a subdivision; 62A.17, subdivision 5; 62A.3099, subdivision 17; 62A.65, subdivision 2; 62E.02, subdivision 15; 62E.14, subdivision 4c; 62L.05, subdivision 4; 62S.24, subdivision 8; 62S.266, subdivision 4; 62S.29, subdivision 1; 72A.08, subdivision 4; 72A.12, subdivision 4; 72A.20, subdivisions 10, 36, 37; 72A.492, subdivision 2; 72A.51, subdivision 2; 72B.01; 72B.08, subdivision 8; 79A.03, subdivision 8; 79A.06, subdivision 5; 79A.21, subdivision 3; 80A.41; 80A.46; 80A.65, subdivision 6; 82.17, subdivision 15, by adding subdivisions; 82.19; 82.21, subdivision 2; 82.24, subdivision 3; 82.29, subdivisions 4, 5, 8; 82.31, subdivisions 1, 2; 82.33, subdivisions 1, 2, by adding a subdivision; 82.34, subdivisions 1, 2, 4, 5, 13; 82.39; 82.41, subdivisions 1, 2, by adding a subdivision; 82.45, subdivision 3, by adding subdivisions; 82.48, subdivisions 2, 3; 82B.05, as amended; 82B.06; 82B.14; 326.3382, subdivision 3; 326B.33, subdivision 16; 326B.56, subdivision 2; 326B.86, subdivision 2; 326B.921, subdivision 6; 327B.04, subdivision 4; 332.34; 340A.409, subdivision 1; Minnesota Statutes 2009 Supplement, sections 45.027, subdivision 1; 45.30, subdivision 4; 60A.39, subdivisions 1, 4, 5; 60A.9572, subdivision 6; 60K.361; 62A.3099, subdivision 18; 65A.29, subdivision 13; 72B.03, subdivision 2; 72B.045, subdivision 1; 72B.06; 82.31, subdivision 4; 82.32; 326B.46, subdivision 2; Laws 2007, chapter 147, article 12, section 14; proposing coding for new law in Minnesota Statutes, chapters 82; 332; repealing Minnesota Statutes 2008, sections 72B.04; 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7, 8, 9; 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3, 7; 332.31, subdivision 7; 332.335; Minnesota Statutes 2009 Supplement, sections 65B.133, subdivision 3; 72B.02, subdivision 11.

May 14, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2839 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2839 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 45.0112, is amended to read:

45.0112 STREET AND E-MAIL ADDRESSES REQUIRED.

Licensees or applicants for licenses issued by the commissioner shall provide to the commissioner a residence telephone number, a street address where the licensee actually resides, ~~and a street address where the licensee's business is physically located, and a current e-mail address for business use. A post office box address is not sufficient to satisfy this requirement.~~ The individual shall notify the department of any change in street address, e-mail address for business use, or residence telephone number within ten days.

Sec. 2. Minnesota Statutes 2009 Supplement, section 45.027, subdivision 1, is amended to read:

Subdivision 1. **General powers.** In connection with the duties and responsibilities entrusted to the commissioner, and Laws 1993, chapter 361, section 2, the commissioner of commerce may:

(1) make public or private investigations within or without this state as the commissioner considers necessary to determine whether any person has violated or is about to violate any law, rule, or order related to the duties and responsibilities entrusted to the commissioner;

(2) require or permit any person to file a statement in writing, under oath or otherwise as the commissioner determines, as to all the facts and circumstances concerning the matter being investigated;

(3) hold hearings, upon reasonable notice, in respect to any matter arising out of the duties and responsibilities entrusted to the commissioner;

(4) conduct investigations and hold hearings for the purpose of compiling information related to the duties and responsibilities entrusted to the commissioner;

(5) examine the books, accounts, records, and files of every licensee, and of every person who is engaged in any activity regulated; the commissioner or a designated representative shall have free access during normal business hours to the offices and places of business of the person, and to all books, accounts, papers, records, files, safes, and vaults maintained in the place of business;

(6) publish information which is contained in any order issued by the commissioner;

(7) require any person subject to duties and responsibilities entrusted to the commissioner, to

report all sales or transactions that are regulated. The reports must be made within ten days after the commissioner has ordered the report. The report is accessible only to the respondent and other governmental agencies unless otherwise ordered by a court of competent jurisdiction; and

(8) assess a ~~licensee~~ natural person or entity subject to the jurisdiction of the commissioner the necessary expenses of the investigation performed by the department when an investigation is made by order of the commissioner. The cost of the investigation shall be determined by the commissioner and is based on the salary cost of investigators or assistants and at an average rate per day or fraction thereof so as to provide for the total cost of the investigation. All money collected must be deposited into the general fund. A natural person licensed under chapter 60K or 82 shall not be charged costs of an investigation if the investigation results in no finding of a violation. This clause does not apply to a natural person or entity already subject to the assessment provisions of sections 60A.03 and 60A.031.

Sec. 3. Minnesota Statutes 2009 Supplement, section 45.30, subdivision 4, is amended to read:

Subd. 4. **Credit earned.** (a) Upon completion of approved courses, students must earn one hour of continuing education credit for each hour approved by the commissioner. Continuing education courses must be attended in their entirety in order to receive credit for the number of approved hours.

(b) Qualified instructors will earn three hours of continuing education credit for each classroom hour of approved instruction that they deliver (1) independently, or (2) as part of a team presentation in a course of two hours or less, if they attend the course in its entirety. For licensees other than appraisers, no more than half of the continuing education hours required for renewal of a license may be earned as a qualified instructor at the rate of three hours of continuing education credit for each classroom hour of approved instruction. For licensed appraisers, no more than one-half of the continuing education hours required for renewal of a license may be earned as a qualified instructor. No credit will be earned if the licensee has previously obtained credit for the same course as either a student or instructor during the same licensing period.

(c) A licensee must not receive credit for more than eight hours of continuing education in one day.

Sec. 4. Minnesota Statutes 2008, section 60A.031, subdivision 4, is amended to read:

Subd. 4. **Examination report; foreign and domestic companies.** (a) The commissioner shall make a full and true report of every examination conducted pursuant to this chapter, which shall include (1) a statement of findings of fact relating to the financial status and other matters ascertained from the books, papers, records, documents, and other evidence obtained by investigation and examination or ascertained from the testimony of officers, agents, or other persons examined under oath concerning the business, affairs, assets, obligations, ability to fulfill obligations, and compliance with all the provisions of the law of the company, applicant, organization, or person subject to this chapter and (2) a summary of important points noted in the report, conclusions, recommendations and suggestions as may reasonably be warranted from the facts so ascertained in the examinations. The report of examination shall be verified by the oath of the examiner in charge thereof, and shall be prima facie evidence in any action or proceedings in the name of the state against the company, applicant, organization, or person upon the facts stated therein.

(b) No later than 60 days following completion of the examination, the examiner in charge shall

file with the department a verified written report of examination under oath. Upon receipt of the verified report, the department shall transmit the report to the company examined, together with a notice which provides the company examined with a reasonable opportunity of not more than 30 days to make a written submission or rebuttal with respect to matters contained in the examination report.

(c) Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with the written submissions or rebuttals and the relevant portions of the examiner's workpapers and enter an order:

(1) adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, rule, or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure the violation;

(2) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation, or information, and refile the report as required under paragraph (b); or

(3) calling for an investigatory hearing with no less than 20 days' notice to the company for purposes of obtaining additional documentation, data, information, and testimony.

(d)(1) All orders entered under paragraph (c), clause (1), must be accompanied by findings and conclusions resulting from the commissioner's consideration and review of the examination report, relevant examiner workpapers, and any written submissions or rebuttals. The order is a final administrative decision and may be appealed as provided under chapter 14. The order must be served upon the company by certified mail, together with a copy of the adopted examination report. Within 30 days of the issuance of the adopted report, the company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

(2) A hearing conducted under paragraph (c), clause (3), by the commissioner or authorized representative, must be conducted as a nonadversarial confidential investigatory proceeding as necessary for the resolution of inconsistencies, discrepancies, or disputed issues apparent upon the face of the filed examination report or raised by or as a result of the commissioner's review of relevant workpapers or by the written submission or rebuttal of the company. Within 20 days of the conclusion of the hearing, the commissioner shall enter an order as required under paragraph (c), clause (1).

(3) The commissioner shall not appoint an examiner as an authorized representative to conduct the hearing. The hearing must proceed expeditiously. Discovery by the company is limited to the examiner's workpapers which tend to substantiate assertions in a written submission or rebuttal. The commissioner or the commissioner's representative may issue subpoenas for the attendance of witnesses or the production of documents considered relevant to the investigation whether under the control of the department, the company, or other persons. The documents produced must be included in the record. Testimony taken by the commissioner or the commissioner's representative must be under oath and preserved for the record.

This section does not require the department to disclose information or records which would indicate or show the existence or content of an investigation or activity of a criminal justice agency.

(4) The hearing must proceed with the commissioner or the commissioner's representative posing questions to the persons subpoenaed. Thereafter, the company and the department may present testimony relevant to the investigation. Cross-examination may be conducted only by the commissioner or the commissioner's representative. The company and the department shall be permitted to make closing statements and may be represented by counsel of their choice.

(e)(1) Upon the adoption of the examination report under paragraph (c), clause (1), the commissioner shall continue to hold the content of the examination report as private and confidential information for a period of 30 days except as otherwise provided in paragraph (b). Thereafter, the commissioner may open the report for public inspection if a court of competent jurisdiction has not stayed its publication.

(2) Nothing contained in this subdivision prevents or shall be construed as prohibiting the commissioner from disclosing the content of an examination report, preliminary examination report or results, or any matter relating to the reports, to the Commerce Department or the insurance department of another state or country, or to law enforcement officials of this or another state or agency of the federal government at any time, if the agency or office receiving the report or matters relating to the report agrees in writing to hold it confidential and in a manner consistent with this subdivision.

(3) If the commissioner determines that regulatory action is appropriate as a result of an examination, the commissioner may initiate proceedings or actions as provided by law.

(f) All working papers, recorded information, documents and copies thereof produced by, obtained by, or disclosed to the commissioner or any other person in the course of an examination made under this subdivision, or in the course of market analysis, must be given confidential treatment and are not subject to subpoena and may not be made public by the commissioner or any other person, except to the extent provided in paragraph (e). Access may also be granted to the National Association of Insurance Commissioners (NAIC), the ~~National Association of Securities Dealers~~ Financial Industry Regulatory Authority, and any national securities association registered under the Securities Exchange Act of 1934. The parties must agree in writing prior to receiving the information to provide to it the same confidential treatment as required by this section, unless the prior written consent of the company to which it pertains has been obtained. For purposes of this section, "market analysis" means a process whereby market conduct surveillance personnel collect and analyze information from filed schedules, surveys, required reports, such as the NAIC Market Conduct Annual Statement, or other sources in order to develop a baseline profile of an insurer, review the operation or activity of an insurer, or to identify patterns or practices of insurers licensed to do business in this state that deviate significantly from the norm or that may pose a potential risk to the insurance consumer.

Sec. 5. Minnesota Statutes 2008, section 60A.084, is amended to read:

60A.084 NOTIFICATION ON GROUP POLICIES.

An employer providing life or health benefits may not change benefits, limit coverage, or otherwise restrict participation until the certificate holder or enrollee has been notified of any changes, limitations, or restrictions. Notice in a format which meets the requirements of the ~~Employee Retirement Income Security Act, United States Code Annotated, title 29, sections 1001 to 1461,~~ United States Department of Labor is satisfactory for compliance with this section.

Sec. 6. Minnesota Statutes 2008, section 60A.204, is amended to read:

60A.204 ADDITIONAL CHARGES AND FEES AND COMMISSIONS.

~~Subdivision 1. **Placement fees.** A surplus lines licensee may charge, in addition to the premium charged by an eligible or ineligible surplus lines insurer, a fee to cover the cost incurred in the placement of the policy which exceeds \$25, but only to the extent that the actual additional cost incurred for services performed by persons or entities unrelated to the licensee exceeds that amount.~~

~~Subd. 2. **Regulation of fees.** A surplus lines licensee may charge a fee charged pursuant to subdivision 1 shall and commission, in addition to the premium, that is not be excessive or discriminatory. The licensee shall maintain complete documentation of all fees and commissions charged. Those fees shall not be included as part of the premium for purposes of the computation of the premium taxes.~~

~~Subd. 3. **Commission charges.** Notwithstanding the provisions of subdivision 1, a licensee may add a commission charge if the insurer quotes a rate net of commission and the commission is not excessive or discriminatory.~~

Sec. 7. Minnesota Statutes 2008, section 60A.36, is amended by adding a subdivision to read:

Subd. 2a. **Third-party notices.** An insurer shall provide notice to a third party if:

(1) the policyholder has, separately from the certificate, notified the insurer of the identity of the third party; and

(2) the third party is a licensing authority authorized by statute to receive the notice or a state, city, or county governmental unit on whose behalf the insured is providing services.

Sec. 8. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 1, is amended to read:

Subdivision 1. **Issuance.** A licensed insurer or insurance producer may provide to a third party a certificate of insurance which documents insurance coverage. ~~The purpose of~~ For the purposes of this chapter, a certificate of insurance is to provide a document that provides evidence of property or liability insurance coverage and the amount of insurance issued, and does not convey any contractual rights to the certificate holder.

Sec. 9. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 4, is amended to read:

Subd. 4. **Cancellation notice.** A certificate provided to a third party must not provide for notice of cancellation that exceeds the statutory notice of cancellation provided to the policyholder or a period of notice specified in the policy.

Sec. 10. Minnesota Statutes 2009 Supplement, section 60A.39, subdivision 5, is amended to read:

Subd. 5. **Filing.** An insurer not using the standard ACORD or ISO form "Certificate of Insurance" shall file with the commissioner, prior to its use, ~~the form of certificate or memorandum of insurance coverage that will be used~~ a similar alternative "Certificate of Insurance" covering the same information for use by the insurer. Filed forms may not be amended at the request of a third party.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 11. Minnesota Statutes 2009 Supplement, section 60A.9572, subdivision 6, is amended to read:

Subd. 6. **Disclosures.** The applicant shall provide information on forms required by the commissioner. The commissioner shall have authority, at any time, to require the applicant to fully disclose the identity of all stockholders who hold more than ten percent of the shares of the company, partners, officers, members, and employees, and the commissioner may, in the exercise of the commissioner's discretion, refuse to issue a license in the name of a legal entity if not satisfied that any officer, employee, stockholder, partner, or member of the legal entity who may materially influence the applicant's conduct meets the standards of sections 60A.957 to 60A.9585.

Sec. 12. Minnesota Statutes 2008, section 60K.31, subdivision 10, is amended to read:

Subd. 10. **Limited lines insurance.** "Limited lines insurance" means those lines of insurance defined in section 60K.38, subdivision 1, paragraph (c), or any other line of insurance that the commissioner considers necessary to recognize for the purposes of complying with section 60K.39, subdivision 5 6.

Sec. 13. Minnesota Statutes 2009 Supplement, section 60K.361, is amended to read:

60K.361 INSURANCE EDUCATION.

(a) Prelicense education must consist of 20 hours of education per line of authority.

(b) ~~The first ten hours course must be~~ include an introduction to insurance and insurance-related concepts covering all of the major lines of authority except variable life and variable annuities. The course must consist of the following:

- (1) rules, regulations, and law;
- (2) basic fundamentals of insurance;
- (3) property:
 - (i) types of policies;
 - (ii) policy provisions;
 - (iii) perils, exclusions, deductibles, and liability; and
 - (iv) evaluating needs;
- (4) casualty:
 - (i) types of policies;
 - (ii) policy provisions;
 - (iii) perils, exclusions, deductibles, and liability; and
 - (iv) evaluating needs;
- (5) life:

- (i) types of policies;
 - (ii) policy provisions; and
 - (iii) group insurance; and
- (6) accident and health:
- (i) types of policies;
 - (ii) policy provisions; and
 - (iii) group insurance.
- (c) ~~The second ten hours of insurance prelicense education must be composed of~~ Courses that cover a specific major line of authority ~~and consist of~~ must include the following:
- (1) life:
 - (i) types of life insurance policies; and
 - (ii) Minnesota laws, rules, and regulations pertinent to life insurance;
 - (2) accident and health:
 - (i) types of health insurance policies; and
 - (ii) Minnesota laws, rules, and regulations pertinent to accident and health insurance;
 - (3) property:
 - (i) personal lines;
 - (ii) commercial lines; and
 - (iii) Minnesota laws, rules, and regulations pertinent to property insurance.
 - (4) casualty:
 - (i) personal lines;
 - (ii) commercial lines; and
 - (iii) Minnesota laws, rules, and regulations pertinent to casualty insurance; and
 - (5) personal lines:
 - (i) types of property/casualty personal lines insurance policies; and
 - (ii) Minnesota laws, rules, and regulations pertinent to property/casualty personal lines insurance.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 14. Minnesota Statutes 2008, section 61A.092, subdivision 3, is amended to read:

Subd. 3. **Notice of options.** Upon termination of or layoff from employment of a covered

employee, the employer shall inform the employee within 14 days after termination or layoff of:

- (1) the employee's right to elect to continue the coverage;
- (2) the amount the employee must pay monthly to the employer to retain the coverage;
- (3) the manner in which and the office of the employer to which the payment to the employer must be made; and
- (4) the time by which the payments to the employer must be made to retain coverage.

The employee has 60 days within which to elect coverage. The 60-day period shall begin to run on the date coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

If the covered employee or covered dependent dies during the 60-day election period and before the covered employee makes an election to continue or reject continuation, then the covered employee will be considered to have elected continuation of coverage. The beneficiary previously selected by the former employee or covered dependent would then be entitled to a death benefit equal to the amount of insurance that could have been continued less any unpaid premium owing as of the date of death.

Notice must be in writing and sent by first class mail to the employee's last known address which the employee has provided to the employer.

A notice in substantially the following form is sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group insurance benefits, in an amount equal to the amount of insurance in effect on the date you terminated or were laid off from employment, for a period of up to 18 months. To do so, you must notify your former employer within 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of \$..... at by the of each month."

Sec. 15. Minnesota Statutes 2008, section 62A.046, subdivision 6, is amended to read:

Subd. 6. **Coordination of benefits.** Insurers, vendors of risk management services, nonprofit health service plan corporations, fraternal, and health maintenance organizations may coordinate benefits to prohibit greater than 100 percent coverage when an insured, subscriber, or enrollee is covered by both an individual and a group contract providing coverage for hospital and medical treatment or expenses. Benefits coordinated under this paragraph must provide for 100 percent coverage of an insured, subscriber, or enrollee. To the extent appropriate, all coordination of benefits provisions currently applicable by law or rule to insurers, vendors of risk management services, nonprofit health service plan corporations, fraternal, and health maintenance organizations, shall apply to coordination of benefits between individual and group contracts, ~~except that the group contract shall always be the primary plan.~~ Notwithstanding the definition of "plan" in Minnesota Rules, part 2742.0200, subpart 2, and in Minnesota Rules, part 4685.0910, subpart 7, an individual contract must coordinate benefits with a group contract under this subdivision consistent with applicable coordination of benefit rules. When a covered person's other coverage is Medicare or TRICARE, a health plan company must determine primacy and coordinate benefits in accordance with the Medicare Secondary Payor or TRICARE provisions of federal law. This paragraph does not apply to specified accident, hospital indemnity, specified disease, or other limited benefit insurance policies.

Sec. 16. Minnesota Statutes 2008, section 62A.046, is amended by adding a subdivision to read:

Subd. 7. **High-deductible health plans.** If a health carrier is advised by a covered person that all health plans covering the person are high-deductible health plans and the person intends to contribute to a health savings account established in accordance with section 223 of the Internal Revenue Code of 1986, the primary high-deductible health plan's deductible is not an allowable expense, except for any health care expense incurred that may not be subject to the deductible as described in section 223(c)(2)(C) of the Internal Revenue Code of 1986.

Sec. 17. Minnesota Statutes 2008, section 62A.17, subdivision 5, is amended to read:

Subd. 5. **Notice of options.** Upon the termination of or lay off from employment of an eligible employee, the employer shall inform the employee within ~~ten~~ 14 days after termination or lay off of:

- ~~(a)~~ (1) the right to elect to continue the coverage;
- ~~(b)~~ (2) the amount the employee must pay monthly to the employer to retain the coverage;
- ~~(c)~~ (3) the manner in which and the office of the employer to which the payment to the employer must be made; and
- ~~(d)~~ (4) the time by which the payments to the employer must be made to retain coverage.

If the policy, contract, or health care plan is administered by a trust, the employer is relieved of the obligation imposed by clauses ~~(a)~~ (1) to ~~(d)~~ (4). The trust shall inform the employee of the information required by clauses ~~(a)~~ (1) to ~~(d)~~ (4).

The employee shall have 60 days within which to elect coverage. The 60-day period shall begin to run on the date plan coverage would otherwise terminate or on the date upon which notice of the right to coverage is received, whichever is later.

Notice must be in writing and sent by first class mail to the employee's last known address which the employee has provided the employer or trust.

A notice in substantially the following form shall be sufficient: "As a terminated or laid off employee, the law authorizes you to maintain your group medical insurance for a period of up to 18 months. To do so you must notify your former employer within 60 days of your receipt of this notice that you intend to retain this coverage and must make a monthly payment of \$..... to at by the of each month."

Sec. 18. Minnesota Statutes 2008, section 62A.3099, subdivision 17, is amended to read:

Subd. 17. **Medicare-related coverage.** "Medicare-related coverage" means a policy, contract, or certificate issued as a supplement to Medicare, regulated under sections 62A.3099 to 62A.44, including Medicare select coverage; policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations; or policies, contracts, or certificates governed by section 1833 (known as "~~cost~~" or "HCPP" contracts) or 1876 (known as "~~TEFRA~~" or "~~risk~~" "Cost" contracts) of the federal Social Security Act, United States Code, title 42, section 1395, et seq., as amended; or Section 4001 of the Balanced Budget Act of 1997 (BBA)(Public Law 105-33), Sections 1851 to 1859 of the Social Security Act establishing Part C of the Medicare program, known as the "Medicare Advantage program."

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

Sec. 19. Minnesota Statutes 2009 Supplement, section 62A.3099, subdivision 18, is amended to read:

Subd. 18. **Medicare supplement policy or certificate.** "Medicare supplement policy or certificate" means a group or individual policy of accident and sickness insurance or a subscriber contract of hospital and medical service associations or health maintenance organizations, other than those policies or certificates covered by section ~~4833~~ 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., or an issued policy under a demonstration project specified under amendments to the federal Social Security Act, which is advertised, marketed, or designed primarily as a supplement to reimbursements under Medicare for the hospital, medical, or surgical expenses of persons eligible for Medicare or as a supplement to Medicare Advantage plans established under Medicare Part C. "Medicare supplement policy" does not include Medicare Advantage plans established under Medicare Part C, outpatient prescription drug plans established under Medicare Part D, ~~or~~ any health care prepayment plan that provides benefits under an agreement under section 1833(a)(1)(A) of the Social Security Act, or any policy issued to an employer or employers or to the trustee of a fund established by an employer where only employees or retirees, and dependents of employees or retirees, are eligible for coverage, or any policy issued to a labor union or similar employee organization.

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

Sec. 20. Minnesota Statutes 2008, section 62A.65, subdivision 2, is amended to read:

Subd. 2. **Guaranteed renewal.** No individual health plan may be offered, sold, issued, or renewed to a Minnesota resident unless the health plan provides that the plan is guaranteed renewable at a premium rate that does not take into account the claims experience or any change in the health status of any covered person that occurred after the initial issuance of the health plan to the person. The premium rate upon renewal must also otherwise comply with this section. A health carrier must not refuse to renew an individual health plan ~~prior to enrollment in Medicare Parts A and B,~~ except for nonpayment of premiums, fraud, or misrepresentation.

Sec. 21. Minnesota Statutes 2008, section 62E.02, subdivision 15, is amended to read:

Subd. 15. **Medicare.** "Medicare" means ~~part A and part B of the United States Social Security Act, title XVIII, as amended, United States Code, title 42, sections 1394, et seq. the Health Insurance for the Aged Act, title XVIII of the Social Security Amendments of 1965, United States Code, title 42, sections 1395 to 1395hhh, as amended, or title I, part I, of Public Law 89-97, as amended.~~

Sec. 22. Minnesota Statutes 2008, section 62E.14, subdivision 4c, is amended to read:

Subd. 4c. **Waiver of preexisting conditions for persons whose coverage is terminated or who exceed the maximum lifetime benefit.** (a) A Minnesota resident may enroll in the comprehensive health plan with a waiver of the preexisting condition limitation described in subdivision 3 if that persons's application for coverage is received by the writing carrier no later than 90 days after termination of prior coverage and if the termination is for reasons other than fraud or nonpayment of premiums.

For purposes of this paragraph, termination of prior coverage includes exceeding the maximum lifetime benefit of existing coverage.

Coverage in the comprehensive health plan is effective on the date of termination of prior coverage. The availability of conversion rights does not affect a person's rights under this paragraph.

This section does not apply to prior coverage provided under policies designed primarily to provide coverage payable on a per diem, fixed indemnity, or nonexpense incurred basis, or policies providing only accident coverage.

(b) An eligible individual, as defined under the Health Insurance Portability and Accountability Act (HIPAA), United States Code, chapter 42, section 300gg-41(b) may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition limitation described in subdivision 3 and a waiver of the evidence of rejection or similar events described in subdivision 1, clause (c). The eligible individual must apply for enrollment under this paragraph by submitting a substantially complete application that is received by the writing carrier no later than 63 days after termination of prior coverage, and coverage under the comprehensive health insurance plan is effective as of the date of receipt of the complete application. The six-month durational residency requirement provided in section 62E.02, subdivision 13, does not apply with respect to eligibility for enrollment under this paragraph, but the applicant must be a Minnesota resident as of the date that the application was received by the writing carrier. A person's eligibility to enroll under this paragraph does not affect the person's eligibility to enroll under any other provision.

(c) A qualifying individual, as defined in the Internal Revenue Code of 1986, section 35(e)(2)(B), who is eligible under the Federal Trade Act of 2002 for the ~~credit~~ Health Coverage Tax Credit (HCTC) for health insurance costs under the Internal Revenue Code of 1986, section 35, may enroll in the comprehensive health insurance plan with a waiver of the preexisting condition limitation described in subdivision 3, and without presenting evidence of rejection or similar requirements described in subdivision 1, paragraph (c). The six-month durational residency requirement provided in section 62E.02, subdivision 13, does not apply with respect to eligibility for enrollment under this paragraph, but the applicant must be a Minnesota resident as of the date of application. A person's eligibility to enroll under this paragraph does not affect the person's eligibility to enroll under any other provision. This paragraph is intended solely to meet the minimum requirements necessary to qualify the comprehensive health insurance plan as qualified health coverage under the Internal Revenue Code of 1986, section 35(e)(2).

Sec. 23. Minnesota Statutes 2008, section 62L.05, subdivision 4, is amended to read:

Subd. 4. **Benefits.** The medical services and supplies listed in this subdivision are the benefits that must be covered by the small employer plans described in subdivisions 2 and 3. Benefits under this subdivision may be provided through the managed care procedures practiced by health carriers:

(1) inpatient and outpatient hospital services, excluding services provided for the diagnosis, care, or treatment of chemical dependency or a mental illness or condition, other than those conditions specified in clauses (10), ~~and (11), and (12)~~. The health care services required to be covered under this clause must also be covered if rendered in a nonhospital environment, on the same basis as coverage provided for those same treatments or services if rendered in a hospital, provided, however, that this sentence must not be interpreted as expanding the types or extent of services covered;

(2) physician, chiropractor, and nurse practitioner services for the diagnosis or treatment of illnesses, injuries, or conditions;

(3) diagnostic x-rays and laboratory tests;

- (4) ground transportation provided by a licensed ambulance service to the nearest facility qualified to treat the condition, or as otherwise required by the health carrier;
- (5) services of a home health agency if the services qualify as reimbursable services under Medicare;
- (6) services of a private duty registered nurse if medically necessary, as determined by the health carrier;
- (7) the rental or purchase, as appropriate, of durable medical equipment, other than eyeglasses and hearing aids, unless coverage is required under section 62Q.675;
- (8) child health supervision services up to age 18, as defined in section 62A.047;
- (9) maternity and prenatal care services, as defined in sections 62A.041 and 62A.047;
- (10) inpatient hospital and outpatient services for the diagnosis and treatment of certain mental illnesses or conditions, as defined by the International Classification of Diseases-Clinical Modification (ICD-9-CM), seventh edition (1990) and as classified as ICD-9 codes 295 to 299; and
- ~~(11) ten hours per year of outpatient mental health diagnosis or treatment for illnesses or conditions not described in clause (10);~~
- ~~(12) 60 hours per year of outpatient treatment of chemical dependency; and~~
- ~~(13) (11) 50 percent of eligible charges for prescription drugs, up to a separate annual maximum out-of-pocket expense of \$1,000 per individual for prescription drugs, and 100 percent of eligible charges thereafter.~~

Sec. 24. **[62L.0561] FLEXIBLE BENEFITS PLANS.**

Subdivision 1. **Definitions.** For the purposes of this section, the terms used in this section have the meanings defined in section 62Q.01, except that "health plan" includes individual coverage and group coverage for employer plans with up to 100 employees.

Subd. 2. **Flexible benefits plan.** Notwithstanding any provision of this chapter, chapter 363A, or any other law to the contrary, a health plan company may offer, sell, issue, and renew a health plan that is a flexible benefits plan under this section if the following requirements are satisfied:

- (1) the health plan must be offered in compliance with the laws of this state, except as otherwise permitted in this section;
- (2) the health plan must be designed to enable covered persons to better manage costs and coverage options through the use of co-pays, deductibles, and other cost-sharing arrangements;
- (3) the health plan may modify or exclude any or all coverages of benefits that would otherwise be required by law, except for maternity benefits and other benefits required under federal law;
- (4) each health plan and plan's premiums must be approved by the commissioner of health or commerce, whichever is appropriate under section 62Q.01, subdivision 2, but neither commissioner may disapprove a plan on the grounds of a modification or exclusion permitted under clause (3); and
- (5) prior to the sale of the health plan, the purchaser must be given a written list of the coverages

otherwise required by law that are modified or excluded in the health plan. The list must include a description of each coverage in the list and indicate whether the coverage is modified or excluded. If coverage is modified, the list must describe the modification. The list may, but is not required to, also list any or all coverages otherwise required by law that are included in the health plan and indicate that they are included. The health plan company must require that a copy of this written list be provided, prior to the effective date of the health plan, to each enrollee or employee who is eligible for health coverage under the plan.

Subd. 3. **Employer health plan.** An employer may provide a health plan permitted under this section to its employees, the employees' dependents, and other persons eligible for coverage under the employer's plan, notwithstanding chapter 363A or any other law to the contrary.

EFFECTIVE DATE. This section is effective January 1, 2012.

Sec. 25. Minnesota Statutes 2008, section 62S.24, subdivision 8, is amended to read:

Subd. 8. **Exchange for long-term care partnership policy; addition of policy rider.** (a) ~~If authorized by federal law or a federal waiver is granted~~ With respect to the long-term care partnership program referenced in section 256B.0571, issuers of long-term care policies may voluntarily exchange a current long-term care insurance policy for a long-term care partnership policy that meets the requirements of Public Law 109-171, section 6021, after the effective date of the state plan amendment implementing the partnership program in this state. The exchange may be in the form of: (1) an amendment or rider; or (2) a disclosure statement indicating that the coverage is now partnership qualified.

(b) ~~If authorized by federal law or a federal waiver is granted~~ With respect to the long-term care partnership program referenced in section 256B.0571, allowing to allow an existing long-term care insurance policy to qualify as a partnership policy by addition of a policy rider or amendment or disclosure statement, the issuer of the policy is authorized to add the rider or amendment or disclosure statement to the policy after the effective date of the state plan amendment implementing the partnership program in this state.

(c) The commissioner, in cooperation with the commissioner of human services, shall pursue any federal law changes or waivers necessary to allow the implementation of paragraphs (a) and (b).

Sec. 26. Minnesota Statutes 2008, section 62S.266, subdivision 4, is amended to read:

Subd. 4. **Contingent benefit upon lapse.** (a) After rejection of the offer required under subdivision 2, for individual and group policies without nonforfeiture benefits issued after July 1, 2001, the insurer shall provide a contingent benefit upon lapse.

(b) If a group policyholder elects to make the nonforfeiture benefit an option to the certificate holder, a certificate shall provide either the nonforfeiture benefit or the contingent benefit upon lapse.

(c) The contingent benefit on lapse must be triggered every time an insurer increases the premium rates to a level which results in a cumulative increase of the annual premium equal to or exceeding the percentage of the insured's initial annual premium based on the insured's issue age provided in this paragraph, and the policy or certificate lapses within 120 days of the due date of the premium increase. Unless otherwise required, policyholders shall be notified at least 30 days prior to the due date of the premium reflecting the rate increase.

Triggers for a Substantial Premium Increase

Issue Age	Percent Increase Over Initial Premium
29 and Under	200
30-34	190
35-39	170
40-44	150
45-49	130
50-54	110
55-59	90
60	70
61	66
62	62
63	58
64	54
65	50
66	48
67	46
68	44
69	42
70	40
71	38
72	36
73	34
74	32
75	30
76	28
77	26
78	24
79	22
80	20
81	19
82	18
83	17

84	16
85	15
86	14
87	13
88	12
89	11
90 and over	10

(d) A contingent benefit on lapse must also be triggered for policies with a fixed or limited premium paying period every time an insurer increases the premium rates to a level that results in a cumulative increase of the annual premium equal to or exceeding the percentage of the insured's initial annual premium set forth below based on the insured's issue age, the policy or certificate lapses within 120 days of the due date of the premium so increased, and the ratio in paragraph ~~(e)~~ (f), clause (2), is 40 percent or more. Unless otherwise required, policyholders shall be notified at least 30 days prior to the due date of the premium reflecting the rate increase.

Triggers for a Substantial Premium Increase

Issue Age	Percent Increase Over Initial Premium
Under 65	50%
65-80	30%
Over 80	10%

This provision shall be in addition to the contingent benefit provided by paragraph (c) and where both are triggered, the benefit provided must be at the option of the insured.

(e) On or before the effective date of a substantial premium increase as defined in paragraph (c), the insurer shall:

(1) offer to reduce policy benefits provided by the current coverage without the requirement of additional underwriting so that required premium payments are not increased;

(2) offer to convert the coverage to a paid-up status with a shortened benefit period according to the terms of subdivision 5. This option may be elected at any time during the 120-day period referenced in paragraph (c); and

(3) notify the policyholder or certificate holder that a default or lapse at any time during the 120-day period referenced in paragraph (c) is deemed to be the election of the offer to convert in clause (2).

(f) On or before the effective date of a substantial premium increase as defined in paragraph (d), the insurer shall:

(1) offer to reduce policy benefits provided by the current coverage without the requirement of additional underwriting so that required premium payments are not increased;

(2) offer to convert the coverage to a paid-up status where the amount payable for each benefit is

90 percent of the amount payable in effect immediately prior to lapse times the ratio of the number of completed months of paid premiums divided by the number of months in the premium paying period. This option may be elected at any time during the 120-day period referenced in paragraph (d); and

(3) notify the policyholder or certificate holder that a default or lapse at any time during the 120-day period referenced in paragraph (d) shall be deemed to be the election of the offer to convert in clause (2) if the ratio is 40 percent or more.

Sec. 27. Minnesota Statutes 2008, section 62S.29, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** An insurer or other entity marketing long-term care insurance coverage in this state, directly or through its producers, shall:

(1) establish marketing procedures and agent training requirements to assure that any marketing activities, including any comparison of policies by its agents or other producers, are fair and accurate;

(2) establish marketing procedures to assure excessive insurance is not sold or issued;

(3) display prominently by type, stamp, or other appropriate means, on the first page of the outline of coverage and policy, the following:

"Notice to buyer: This policy may not cover all of the costs associated with long-term care incurred by the buyer during the period of coverage. The buyer is advised to review carefully all policy limitations.";

(4) provide copies of the disclosure forms required in section 62S.081, subdivision 4, to the applicant;

(5) inquire and otherwise make every reasonable effort to identify whether a prospective applicant or enrollee for long-term care insurance already has long-term care insurance and the types and amounts of the insurance;

(6) establish auditable procedures for verifying compliance with this subdivision;

(7) if applicable, provide written notice to the prospective policyholder and certificate holder, at solicitation, that a senior insurance counseling program approved by the commissioner, the Senior LinkAge Line, is available and the name, address, and telephone number of the program;

(8) use the terms "noncancelable" or "level premium" only when the policy or certificate conforms to section 62S.14; and

(9) provide an explanation of contingent benefit upon lapse provided for in section 62S.266.

Sec. 28. Minnesota Statutes 2009 Supplement, section 65A.29, subdivision 13, is amended to read:

Subd. 13. **Notice of possible cancellation.** (a) A written notice must be provided to all applicants for homeowners' insurance, at the time the application is submitted, containing the following language in bold print: "THE INSURER MAY ELECT TO CANCEL COVERAGE AT ANY TIME DURING THE FIRST ~~60~~ 59 DAYS FOLLOWING ISSUANCE OF THE

COVERAGE FOR ANY REASON WHICH IS NOT SPECIFICALLY PROHIBITED BY STATUTE."

(b) If the insurer provides the notice on the insurer's Web site, the insurer or agent may advise the applicant orally or in writing of its availability for review on the insurer's Web site in lieu of providing a written notice, if the insurer advises the applicant of the availability of a written notice upon the applicant's request. The insurer shall provide the notice in writing if requested by the applicant. An oral notice shall be presumed delivered if the agent or insurer makes a contemporaneous notation in the applicant's record of the notice having been delivered or if the insurer or agent retains an audio recording of the notification provided to the applicant.

Sec. 29. Minnesota Statutes 2008, section 72A.08, subdivision 4, is amended to read:

Subd. 4. **Exceptions.** (a) The provisions of this section shall not apply to any policy procured by officers, agents, subagents, employees, intermediaries, or representatives wholly and solely upon property of which they are, respectively, the owner at the time of procuring the policy, where the officers, agents, subagents, employees, intermediaries, or representatives are, and have been for more than six months prior to the issuing of the policy, regularly employed by, or connected with, the company or association issuing the policy; and any life insurance company doing business in this state may issue industrial policies of life or endowment insurance, with or without annuities, with special rates of premiums less than the usual rates of premiums for these policies, to members of labor organizations, credit unions, lodges, beneficial societies, or similar organizations, or employees of one employer, who, through their secretary or employer, may take out insurance in an aggregate of not less than 50 members and pay their premiums through the secretary or employer.

(b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an insurance policy or product.

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

Sec. 30. Minnesota Statutes 2008, section 72A.12, subdivision 4, is amended to read:

Subd. 4. **Discrimination; rebates.** (a) No life insurance company doing business in this state shall make or permit any distinction or discrimination in favor of individuals between insureds of the same class and equal expectation of life in the amount or payment of premiums or rates charged for policies of life or endowment insurance, or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of the contracts it makes; nor shall any such company or agent thereof make any contract of insurance or agreement as to such contract other than as plainly expressed in the policy issued thereon; nor shall any such company or any officer, agent, solicitor, or representative thereof pay, allow or give, or offer to pay, allow or give, directly or indirectly, as inducement to insurance, any rebate of premium payable on the policy, or any special favor or advantage in the dividends or other benefits to accrue thereon or any paid employment or contract for services of any kind, or any valuable consideration or inducement whatever not specified in the policy contract of insurance.

Any violation of the provisions of this subdivision shall be a misdemeanor and punishable as such.

(b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an insurance policy or product.

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

Sec. 31. Minnesota Statutes 2008, section 72A.20, subdivision 10, is amended to read:

Subd. 10. **Rebates.** (a) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract of life insurance, annuity, or accident and health insurance, or agreement as to such contract, other than as plainly expressed in the contract issued thereon, or paying or allowing or giving, or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends or other benefits thereon, or any valuable consideration or inducement whatever not specified in the contract; or giving or selling or purchasing, or offering to give, sell, or purchase, as inducement to such insurance or annuity, or in connection therewith, any stocks, bonds, or other securities of any insurance company or other corporation, association, or partnership, or any dividends or profits accrued thereon, or anything of value whatsoever not specified in the contract, shall constitute an unfair method of competition and an unfair and deceptive act or practice.

(b) A promotional advertising item of \$25 or less or a gift of \$25 or less per year is not a rebate if the receipt of the item or gift is not conditioned upon purchase of an insurance policy or product.

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

Sec. 32. Minnesota Statutes 2008, section 72A.20, subdivision 36, is amended to read:

Subd. 36. **Limitations on the use of credit information.** (a) No insurer or group of affiliated insurers may reject, cancel, or nonrenew a policy of private passenger motor vehicle insurance as defined under section 65B.01 or a policy of homeowner's insurance as defined under section 65A.27, for any person in whole or in part on the basis of credit information, including a credit reporting product known as a "credit score" or "insurance score," without consideration and inclusion of any other applicable underwriting factor.

(b) If credit information, credit scoring, or insurance scoring is to be used in underwriting, the insurer must disclose to the consumer that credit information will be obtained and used as part of the insurance underwriting process.

(c) Insurance inquiries and non-consumer-initiated inquiries must not be used as part of the credit scoring or insurance scoring process.

(d) If a credit score, insurance score, or other credit information relating to a consumer, with respect to the types of insurance referred to in paragraph (a), is adversely impacted or cannot be generated because of the absence of a credit history, the insurer must exclude the use of credit as a factor in the decision to reject, cancel, or nonrenew.

(e) Insurers must upon the request of a policyholder reevaluate the policyholder's score. Any change in premium resulting from the reevaluation must be effective upon the renewal of the policy. An insurer is not required to reevaluate a policyholder's score pursuant to this paragraph more than twice in any given calendar year.

(f) Insurers must upon request of the applicant or policyholder provide reasonable underwriting exceptions based upon prior credit histories for persons whose credit information is unduly influenced by expenses related to a catastrophic injury or illness, temporary loss of employment, or the death of an immediate family member. The insurer may require reasonable documentation

of these events prior to granting an exception.

(g) A credit scoring or insurance scoring methodology must not be used by an insurer if the credit scoring or insurance scoring methodology incorporates the gender, race, nationality, or religion of an insured or applicant.

(h) Insurers that employ a credit scoring or insurance scoring system in underwriting of coverage described in paragraph (a) must have on file with the commissioner:

(1) the insurer's credit scoring or insurance scoring methodology; and

(2) information that supports the insurer's use of a credit score or insurance score as an underwriting criterion.

(i) Insurers described in paragraph ~~(g)~~ (h) shall file the required information with the commissioner within 120 days of August 1, 2002, or prior to implementation of a credit scoring or insurance scoring system by the insurer, if that date is later.

(j) Information provided by, or on behalf of, an insurer to the commissioner under this subdivision is trade secret information under section 13.37.

Sec. 33. Minnesota Statutes 2008, section 72A.20, subdivision 37, is amended to read:

Subd. 37. Electronic transmission of required information. (a) A health carrier, as defined in section 62A.011, subdivision 2, is not in violation of this chapter for electronically transmitting or electronically making available information otherwise required to be delivered in writing under chapters 62A to 62Q and 72A to an enrollee as defined in section 62Q.01, subdivision 2a, or to a health plan as defined in paragraph (b), and with the requirements of those chapters if the following conditions are met:

(1) the health carrier informs the group policyholder or the enrollee or both that electronic transmission or access is available and, at the discretion of the health carrier, the enrollee is given one of the following options:

(i) electronic transmission or access will occur only if the group policyholder or the enrollee or both affirmatively requests to the health carrier that the required information be electronically transmitted or available and a record of that request is retained by the health carrier; or

(ii) electronic transmission or access will automatically occur if the group policyholder or the enrollee or both has not opted out of that manner of transmission by request to the health carrier and requested that the information be provided in writing. If the group policyholder or the enrollee or both opts out of electronic transmission, a record of that request must be retained by the health carrier;

(2) the group policyholder or the enrollee or both is allowed to withdraw the request at any time;

(3) if the information transmitted electronically contains individually identifiable data, it must be transmitted to a secured mailbox. If the information made available electronically contains individually identifiable data, it must be made available at a password-protected secured Web site;

(4) the group policyholder or the enrollee or both is provided a customer service number on the enrollee's member card that may be called to request a written copy of the document; and

(5) the electronic transmission or electronic availability meets all other requirements of this chapter including, but not limited to, size of the typeface and any required time frames for distribution.

(b) For the purpose of this section, "health plan" means a health plan as defined in section 62A.011 or a policy of accident and sickness insurance as defined in section 62A.01.

Sec. 34. Minnesota Statutes 2008, section 72A.492, subdivision 2, is amended to read:

Subd. 2. **Covered persons.** The rights granted by sections 72A.49 to 72A.505 extend to:

~~(1) a person who is a resident of this state and is the subject of information collected, received, or maintained in connection with an insurance transaction; and~~

~~(2) a person who is a resident of this state and engages in or seeks to engage in an insurance transaction.~~

Sec. 35. Minnesota Statutes 2008, section 72A.51, subdivision 2, is amended to read:

Subd. 2. **Return of policy or contract; notice.** Any individual person may cancel an individual policy of insurance against loss or damage by reason of the sickness of the assured or the assured's dependents, a nonprofit health service plan contract providing benefits for hospital, surgical and medical care, a health maintenance organization subscriber contract, or a policy of insurance authorized by section 60A.06, subdivision 1, clause (4), except Medicare-related coverage as defined in section 62A.3099, subdivision 17, and long-term care insurance as defined in section 62S.01, subdivision 18, by returning the policy or contract and by giving written notice of cancellation any time before midnight of the tenth day following the date of purchase. Notice of cancellation may be given personally or by mail. The policy or contract may be returned personally or by mail. If by mail, the notice or return of the policy or contract is effective upon being postmarked, properly addressed and postage prepaid.

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

Sec. 36. Minnesota Statutes 2008, section 72B.01, is amended to read:

72B.01 PURPOSE AND SCOPE.

It is the purpose of sections 72B.01 to 72B.14 to provide high quality service to insureds and insurance claimants in the state of Minnesota by providing for well trained adjusters and persons engaged in soliciting business for adjusters, who are qualified to deal with the public in the interest of a fair resolution of insurance claims. ~~Sections 72B.01 to 72B.14 shall apply to all adjusters, and adjusters' solicitors, except as specifically stated to the contrary; but nothing in sections 72B.01 to 72B.14 shall apply to:~~

~~(a) An attorney at law who is licensed or otherwise allowed to practice law in this state and who does not hold out to be an adjuster, or adjuster's solicitor.~~

~~(b) A licensed agent of an authorized insurer who adjusts losses for such insurer solely under policies issued by the agent or the agent's agency or on which the agent is the agent of record, provided the agent receives no extra compensation for such services.~~

~~(c) Personnel of township mutual companies.~~

~~(d) Adjusters for crop hail and farm windstorm damage claims who are on the staff of companies covering such risks.~~

~~(e) Persons who process life insurance annuity contract or accident and health insurance claims.~~

~~(f) Persons processing or adjusting wet marine or inland transportation claims or losses.~~

Sec. 37. Minnesota Statutes 2009 Supplement, section 72B.03, subdivision 2, is amended to read:

Subd. 2. **Classes of licenses.** (a) Unless denied licensure pursuant to section 72B.08, persons who have met the requirements of section ~~72B.04~~ 72B.041 must be issued an adjuster license. There shall be four classes of licenses, as follows:

- (1) independent adjuster's license;
- (2) public adjuster's license;
- (3) public adjuster solicitor's license; and
- (4) crop hail adjuster's license.

(b) An independent adjuster and a public adjuster may qualify for a license in one or more of the following lines of authority:

- (1) property and casualty; or
- (2) workers' compensation; or
- (3) crop.

(c) Any person holding a license pursuant to this section is not required to hold any other independent adjuster, public adjuster, insurance, or self-insurance administrator license in this state pursuant to section 60A.23, subdivision 8, or any other provision, provided that the person does not act as an adjuster with respect to life, health, or annuity insurance, other than disability insurance.

(d) An adjuster license remains in effect unless probated, suspended, revoked, or refused as long as the fee set forth in section ~~72B.04, subdivision 10~~ 72B.041, subdivision 9, is paid and all other requirements for license renewal are met by the due date, otherwise, the license expires.

(e) An adjuster whose license expires may, within 12 months of the renewal date, be reissued an adjuster license upon receipt of the renewal request, as prescribed by the commissioner; however, a penalty in the amount of double the unpaid renewal fee is required to reissue the expired license.

(f) An adjuster who is unable to comply with license renewal procedures and requirements due to military service, long-term medical disability, or some other extenuating circumstance may request a waiver of same and a waiver of any examination requirement, fine, or other sanction imposed for failure to comply with renewal procedures.

(g) An adjuster is subject to sections 72A.17 to 72A.32.

(h) The adjuster must inform the commissioner by any means acceptable of any change in resident or business addresses for the home state or in legal name within 30 days of the change.

(i) The license must contain the licensee's name, address, and personal identification number; the dates of issuance and expiration; and any other information the commissioner deems necessary.

(j) In order to assist in the performance of the commissioner's duties, the commissioner may contract with nongovernmental entities, including the National Association of Insurance Commissioners, its affiliates, or its subsidiaries, to perform any ministerial functions related to licensing that the commissioner may deem appropriate, including the collection of fees and data.

Sec. 38. Minnesota Statutes 2009 Supplement, section 72B.045, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** An individual who holds an independent or public adjuster license and who is not exempt under this section must satisfactorily complete a minimum of 24 hours of continuing education courses, of which three hours must be in ethics, reported to the commissioner on a biennial basis in conjunction with the individual's license renewal cycle.

Sec. 39. Minnesota Statutes 2009 Supplement, section 72B.06, is amended to read:

72B.06 CATASTROPHE OR EMERGENCY SITUATIONS.

(a) In the event of a declared catastrophe or the occurrence of an emergency situation, For purposes of this chapter, a catastrophe exists when, due to a specific, infrequent, and sudden natural or man-made disaster or phenomenon, there have arisen losses to property in Minnesota that are covered by insurance, and the losses are so numerous and severe that resolution of claims related to such covered property losses will not occur expeditiously without the licensing of emergency independent adjusters due to the magnitude of the catastrophic damage. A failure of claims to be resolved expeditiously shall exist upon an insurer's filing with the department a written statement that one of the following conditions exists: (1) the insurer expects to incur at least 500 claims as a result of the event; or (2) the magnitude of the event is expected to generate twice the mean number of claims for one month for the affected area. Such written statement may be sent electronically to the commissioner. An insurer must notify the commissioner via an application for registration of each individual independent adjuster not already licensed in the state where the catastrophe has been declared or an emergency situation has occurred Minnesota, that will act as an emergency independent adjuster on behalf of the insurer pursuant to paragraph (b).

(b) A person who is otherwise qualified to adjust claims, but not already licensed in the state where the catastrophe has been declared or an emergency situation has occurred Minnesota, may act as an emergency independent adjuster and adjust claims, if, within five days of deployment to adjust claims arising from the declared catastrophe or the occurrence of an emergency situation, the insurer or the independent adjuster's employer, in the notification required by paragraph (a), notifies the commissioner by providing the following information in a format prescribed by the commissioner:

- (1) the name of the individual;
- (2) the Social Security number of the individual;
- (3) the name of the insurer the independent adjuster will represent;

(4) the effective date of the contract between the insurer and independent adjuster or the independent adjuster's employer;

- (5) the catastrophe, ~~emergency situation~~, or loss control number;
- (6) the catastrophe ~~or emergency situation~~ event name; and
- (7) other information the commissioner deems necessary.

(c) An emergency independent adjuster's license or registration remains in force for ~~the period of time established by the commissioner~~ 180 days; such license or registration shall be effective for all catastrophes described in paragraph (a), clauses (1) and (2). Such license or registration may be extended for 180 days.

The commissioner may summarily suspend or revoke the right of any person adjusting in this state under the authority of this section to continue to adjust in this state, if the commissioner finds that that person has engaged in any of the practices forbidden to a licensed adjuster under sections 72B.01 to 72B.14. Notice of such suspension or revocation may be given personally or by mail sent to the temporary address stated in the registration and to the insurer or independent adjusting firm company who submitted the independent adjuster information.

Sec. 40. Minnesota Statutes 2008, section 72B.08, subdivision 8, is amended to read:

Subd. 8. **Bond.** In the case of any licensee or permit holder who has had a license or permit suspended or revoked or whose license renewal has been prohibited by a lawful order of the commissioner, the commissioner may condition the issuance of a new license on the filing of a surety bond in an amount not to exceed \$10,000, made and conditioned in accordance with the requirements of section ~~72B.04, subdivision 4~~ 72B.041, subdivision 3, relating to public adjusters' bonds. Nothing in this subdivision shall reduce or alter the bonding requirements for a public adjuster.

Sec. 41. Minnesota Statutes 2008, section 79A.03, subdivision 8, is amended to read:

Subd. 8. **Processing application.** The commissioner shall grant or deny the group's application to self-insure within 60 days after a complete application has been filed, provided that the time may be extended for an additional 30 days upon 15 days' prior notice to the applicant. The commissioner shall grant approval for self-insurance upon a determination that the financial ability of the self-insurer's group is sufficient to fulfill all joint and several obligations of the member companies that may arise under chapter 176 or this chapter; the gross annual premium of the group members is at least ~~\$300,000~~ 150 percent of the WCRA minimum retention in effect at the time of the application; the group has established a fund pursuant to Minnesota Rules, parts 2780.4100 to 2780.5000; the group has contracted with a licensed workers' compensation service company to administer its program; and the required securities or surety bond shall be on deposit prior to the effective date of coverage for any member. Approval shall be effective until revoked by order of the commissioner or until the employer members of the group become insured.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to applications processed on or after that date, but not to self-insured groups existing as of that date.

Sec. 42. Minnesota Statutes 2008, section 79A.06, subdivision 5, is amended to read:

Subd. 5. **Private employers who have ceased to be self-insured.** (a) Private employers who have ceased to be private self-insurers shall discharge their continuing obligations to secure the payment of compensation which is accrued during the period of self-insurance, for purposes of Laws

1988, chapter 674, sections 1 to 21, by compliance with all of the following obligations of current certificate holders:

(1) Filing reports with the commissioner to carry out the requirements of this chapter;

(2) Depositing and maintaining a security deposit for accrued liability for the payment of any compensation which may become due, pursuant to chapter 176. However, if a private employer who has ceased to be a private self-insurer purchases an insurance policy from an insurer authorized to transact workers' compensation insurance in this state which provides coverage of all claims for compensation arising out of injuries occurring during the entire period the employer was self-insured, whether or not reported during that period, the policy will:

(i) discharge the obligation of the employer to maintain a security deposit for the payment of the claims covered under the policy;

(ii) discharge any obligation which the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period the employer was self-insured, whether or not reported during that period; and

(iii) discharge the obligations of the employer to pay any future assessments to the self-insurers' security fund; provided, however, that a member that terminates its self-insurance authority on or after August 1, 2010, shall be liable for an assessment under paragraph (b). The actuarial opinion shall not take into consideration any transfer of the member's liabilities to an insurance policy if the member obtains a replacement policy as described in this subdivision within one year of the date of terminating its self-insurance.

A private employer who has ceased to be a private self-insurer may instead buy an insurance policy described above, except that it covers only a portion of the period of time during which the private employer was self-insured; purchase of such a policy discharges any obligation that the self-insurers' security fund has or may have for payment of all claims for compensation arising out of injuries occurring during the period for which the policy provides coverage, whether or not reported during that period.

A policy described in this clause may not be issued by an insurer unless it has previously been approved as to form and substance by the commissioner; and

(3) Paying within 30 days all assessments of which notice is sent by the security fund, for a period of seven years from the last day its certificate of self-insurance was in effect. Thereafter, the private employer who has ceased to be a private self-insurer may either: (i) continue to pay within 30 days all assessments of which notice is sent by the security fund until it has no incurred liabilities for the payment of compensation arising out of injuries during the period of self-insurance; or (ii) pay the security fund a cash payment equal to four percent of the net present value of all remaining incurred liabilities for the payment of compensation under sections 176.101 and 176.111 as certified by a member of the casualty actuarial society. Assessments shall be based on the benefits paid by the employer during the calendar year immediately preceding the calendar year in which the employer's right to self-insure is terminated or withdrawn.

(b) With respect to a self-insurer who terminates its self-insurance authority after April 1, 1998, that member shall obtain and file with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society within 120

days of the date of its termination. If the actuarial opinion is not timely filed, the self-insurers' security fund may, at its discretion, engage the services of an actuary for this purpose. The expense of this actuarial opinion must be assessed against and be the obligation of the self-insurer. The commissioner may issue a certificate of default against the self-insurer for failure to pay this assessment to the self-insurers' security fund as provided by section 79A.04, subdivision 9. The opinion must ~~separate liability for indemnity benefits from liability for medical benefits, and must~~ may discount each liabilities up to four percent per annum to net present value. Within ~~30~~ 60 days after notification of approval of the actuarial opinion by the commissioner, the exiting member shall pay to the security fund an amount ~~equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment before termination~~ determined as follows: a percentage will be determined by dividing the security fund's members' deficit as determined by the most recent audited financial statement of the security fund by the total actuarial liability of all members of the security fund as calculated by the commissioner within 30 days of the exit date of the member. This quotient will then be multiplied by that exiting member's total future liability as contained in the exiting member's actuarial opinion. If the payment is not made within 30 days of the notification, interest on it at the rate prescribed by section 549.09 must be paid by the former member to the security fund until the principal amount is paid in full.

(c) A former member who terminated its self-insurance authority before April 1, 1998, who has paid assessments to the self-insurers' security fund for seven years, and whose annualized assessment is \$15,000 or less, may buy out of its outstanding liabilities to the self-insurers' security fund by an amount calculated as follows: 1.35 multiplied by the indemnity case reserves at the time of the calculation, multiplied by the then current self-insurers' security fund annualized assessment rate.

(d) A former member who terminated its self-insurance authority before April 1, 1998, and who is paying assessments within the first seven years after ceasing to be self-insured under paragraph (a), clause (3), may elect to buy out its outstanding liabilities to the self-insurers' security fund by obtaining and filing with the commissioner an actuarial opinion of its outstanding liabilities as determined by an associate or fellow of the Casualty Actuarial Society. The opinion must separate liability for indemnity benefits from liability for medical benefits, and must discount each up to four percent per annum to net present value. Within 30 days after notification of approval of the actuarial opinion by the commissioner, the member shall pay to the security fund an amount equal to 120 percent of that discounted outstanding indemnity liability, multiplied by the greater of the average annualized assessment rate since inception of the security fund or the annual rate at the time of the most recent assessment.

(e) A former member who has paid the security fund according to paragraphs (b) to (d) and subsequently receives authority from the commissioner to again self-insure shall be assessed under section 79A.12, subdivision 2, only on indemnity benefits paid on injuries that occurred after the former member received authority to self-insure again; provided that the member furnishes verified data regarding those benefits to the security fund.

(f) In addition to proceedings to establish liabilities and penalties otherwise provided, a failure to comply may be the subject of a proceeding before the commissioner. An appeal from the commissioner's determination may be taken pursuant to the contested case procedures of chapter 14 within 30 days of the commissioner's written determination.

Any current or past member of the self-insurers' security fund is subject to service of process on any claim arising out of chapter 176 or this chapter in the manner provided by section 5.25, or as otherwise provided by law. The issuance of a certificate to self-insure to the private self-insured employer shall be deemed to be the agreement that any process which is served in accordance with this section shall be of the same legal force and effect as if served personally within this state.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to terminations of self-insurance authority that become effective on or after that date.

Sec. 43. Minnesota Statutes 2008, section 79A.21, subdivision 3, is amended to read:

Subd. 3. **Approval.** The commissioner shall approve an application for self-insurance upon a determination that all of the following conditions are met:

(1) a completed application and all required documents have been submitted to the commissioner;

(2) the financial ability of the commercial self-insurance group is sufficient to fulfill all obligations that may arise under this chapter or chapter 176;

(3) the annual premium of the commercial self-insurance group to be charged to initial members is at least ~~\$400,000~~ 150 percent of the WCRA minimum retention in effect at the time of the application;

(4) the commercial self-insurance group has contracted with a service company to administer its program; and

(5) the required securities or surety bond shall be on deposit prior to the effective date of coverage for the commercial self-insurance group.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to applications processed on or after that date, but not to self-insured groups existing as of that date.

Sec. 44. Minnesota Statutes 2008, section 80A.41, is amended to read:

80A.41 SECTION 102; DEFINITIONS.

In this chapter, unless the context otherwise requires:

(1) "Accredited investor" means an accredited investor as the term is defined in Rule 501(a) of Regulation D adopted pursuant to the Securities Act of 1933.

(2) "Administrator" means the commissioner of commerce.

(3) "Agent" means an individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities or represents an issuer in effecting or attempting to effect purchases or sales of the issuer's securities. But a partner, officer, or director of a broker-dealer or issuer, or an individual having a similar status or performing similar functions is an agent only if the individual otherwise comes within the term. The term does not include an individual excluded by rule adopted or order issued under this chapter.

(4) "Bank" means:

(A) a banking institution organized under the laws of the United States;

(B) a member bank of the Federal Reserve System;

(C) any other banking institution, whether incorporated or not, doing business under the laws of a state or of the United States, a substantial portion of the business of which consists of receiving deposits or exercising fiduciary powers similar to those permitted to be exercised by national banks under the authority of the Comptroller of the Currency pursuant to Section 1 of Public Law 87-722 (12 U.S.C. Section 92a), and which is supervised and examined by a state or federal agency having supervision over banks, and which is not operated for the purpose of evading this chapter; and

(D) a receiver, conservator, or other liquidating agent of any institution or firm included in subparagraph (A), (B), or (C).

(5) "Broker-dealer" means a person engaged in the business of effecting transactions in securities for the account of others or for the person's own account. The term does not include:

(A) an agent;

(B) an issuer;

(C) a depository institution; provided such activities are conducted in accordance with such rules as may be adopted by the administrator;

(D) an international banking institution; or

(E) a person excluded by rule adopted or order issued under this chapter.

(6) "Depository institution" means:

(A) a bank; or

(B) a savings institution, trust company, credit union, or similar institution that is organized or chartered under the laws of a state or of the United States, authorized to receive deposits, and supervised and examined by an official or agency of a state or the United States if its deposits or share accounts are insured to the maximum amount authorized by statute by the Federal Deposit Insurance Corporation, the National Credit Union Share Insurance Fund, or a successor authorized by federal law. The term does not include:

(i) an insurance company or other organization primarily engaged in the business of insurance;

(ii) a Morris Plan bank; or

(iii) an industrial loan company that is not an "insured depository institution" as defined in section 3(c)(2) of the Federal Deposit Insurance Act, United States Code, title 12, section 1813(c)(2), or any successor federal statute.

(7) "Federal covered investment adviser" means a person registered under the Investment Advisers Act of 1940.

(8) "Federal covered security" means a security that is, or upon completion of a transaction will be, a covered security under Section 18(b) of the Securities Act of 1933 (15 U.S.C. Section 77r(b)) or rules or regulations adopted pursuant to that provision.

(9) "Filing" means the receipt under this chapter of a record by the administrator or a designee of the administrator.

(10) "Fraud," "deceit," and "defraud" are not limited to common law deceit.

(11) "Guaranteed" means guaranteed as to payment of all principal and all interest.

(12) "Institutional investor" means any of the following, whether acting for itself or for others in a fiduciary capacity:

(A) a depository institution or international banking institution;

(B) an insurance company;

(C) a separate account of an insurance company;

(D) an investment company as defined in the Investment Company Act of 1940;

(E) a broker-dealer registered under the Securities Exchange Act of 1934;

(F) an employee pension, profit-sharing, or benefit plan if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution, or an insurance company;

(G) a plan established and maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or a political subdivision of a state for the benefit of its employees, if the plan has total assets in excess of \$10,000,000 or its investment decisions are made by a duly designated public official or by a named fiduciary, as defined in the Employee Retirement Income Security Act of 1974, that is a broker-dealer registered under the Securities Exchange Act of 1934, an investment adviser registered or exempt from registration under the Investment Advisers Act of 1940, an investment adviser registered under this chapter, a depository institution, or an insurance company;

(H) a trust, if it has total assets in excess of \$10,000,000, its trustee is a depository institution, and its participants are exclusively plans of the types identified in subparagraph (F) or (G), regardless of the size of their assets, except a trust that includes as participants self-directed individual retirement accounts or similar self-directed plans;

(I) an organization described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Section 501(c)(3)), corporation, Massachusetts trust or similar business trust, limited liability company, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$10,000,000;

(J) a small business investment company licensed by the Small Business Administration under Section 301(c) of the Small Business Investment Act of 1958 (15 U.S.C. Section 681(c)) with total assets in excess of \$10,000,000;

(K) a private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(22)) with total assets in excess of \$10,000,000;

(L) a federal covered investment adviser acting for its own account;

(M) a "qualified institutional buyer" as defined in Rule 144A(a)(1), other than Rule 144A(a)(1)(i)(H), adopted under the Securities Act of 1933 (17 C.F.R. 230.144A);

(N) a "major U.S. institutional investor" as defined in Rule 15a-6(b)(4)(i) adopted under the Securities Exchange Act of 1934 (17 C.F.R. 240.15a-6);

(O) any other person, other than an individual, of institutional character with total assets in excess of \$10,000,000 not organized for the specific purpose of evading this chapter; or

(P) any other person specified by rule adopted or order issued under this chapter;

(13) "Insurance company" means a company organized as an insurance company whose primary business is writing insurance or reinsuring risks underwritten by insurance companies and which is subject to supervision by the insurance commissioner or a similar official or agency of a state.

(14) "Insured" means insured as to payment of all principal and all interest.

(15) "International banking institution" means an international financial institution of which the United States is a member and whose securities are exempt from registration under the Securities Act of 1933.

(16) "Investment adviser" means a person that, for compensation, engages in the business of advising others, either directly or through publications or writings, as to the value of securities or the advisability of investing in, purchasing, or selling securities or that, for compensation and as a part of a regular business, issues or promulgates analyses or reports concerning securities. The term includes a financial planner or other person that, as an integral component of other financially related services, provides investment advice to others for compensation as part of a business or that holds itself out as providing investment advice to others for compensation. The term does not include:

(A) an investment adviser representative;

(B) a lawyer, accountant, engineer, or teacher whose performance of investment advice is solely incidental to the practice of the person's profession;

(C) a broker-dealer or its agents whose performance of investment advice is solely incidental to the conduct of business as a broker-dealer and that does not receive special compensation for the investment advice;

(D) a publisher of a bona fide newspaper, news magazine, or business or financial publication of general and regular circulation;

(E) a federal covered investment adviser;

(F) a bank or savings institution;

(G) any other person that is excluded by the Investment Advisers Act of 1940 from the definition of investment adviser; or

(H) any other person excluded by rule adopted or order issued under this chapter.

(17) "Investment adviser representative" means an individual employed by or associated with

an investment adviser or federal covered investment adviser and who makes any recommendations or otherwise gives investment advice regarding securities, manages accounts or portfolios of clients, determines which recommendation or advice regarding securities should be given, provides investment advice or holds herself or himself out as providing investment advice, receives compensation to solicit, offer, or negotiate for the sale of or for selling investment advice, or supervises employees who perform any of the foregoing. The term does not include an individual who:

(A) performs only clerical or ministerial acts;

(B) is an agent whose performance of investment advice is solely incidental to the individual acting as an agent and who does not receive special compensation for investment advisory services;

(C) is employed by or associated with a federal covered investment adviser, unless the individual has a "place of business" in this state as that term is defined by rule adopted under Section 203A of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-3a) and is

(i) an "investment adviser representative" as that term is defined by rule adopted under Section 203A of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-3a); or

(ii) not a "supervised person" as that term is defined in Section 202(a)(25) of the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-2(a)(25)); or

(D) is excluded by rule adopted or order issued under this chapter.

(18) "Issuer" means a person that issues or proposes to issue a security, subject to the following:

(A) The issuer of a voting trust certificate, collateral trust certificate, certificate of deposit for a security, or share in an investment company without a board of directors or individuals performing similar functions is the person performing the acts and assuming the duties of depositor or manager pursuant to the trust or other agreement or instrument under which the security is issued.

(B) The issuer of an equipment trust certificate or similar security serving the same purpose is the person by which the property is or will be used or to which the property or equipment is or will be leased or conditionally sold or that is otherwise contractually responsible for assuring payment of the certificate.

(C) The issuer of a fractional undivided interest in an oil, gas, or other mineral lease or in payments out of production under a lease, right, or royalty is the owner of an interest in the lease or in payments out of production under a lease, right, or royalty, whether whole or fractional, that creates fractional interests for the purpose of sale.

(19) "Nonissuer transaction" or "nonissuer distribution" means a transaction or distribution not directly or indirectly for the benefit of the issuer.

(20) "Offer to purchase" includes an attempt or offer to obtain, or solicitation of an offer to sell, a security or interest in a security for value. The term does not include a tender offer that is subject to Section 14(d) of the Securities Exchange Act of 1934 (15 U.S.C. Section 78n(d)).

(21) "Person" means an individual; corporation; business trust; estate; trust; partnership; limited liability company; association; joint venture; government; governmental subdivision, agency, or instrumentality; public corporation; or any other legal or commercial entity.

(22) "Place of business" of a broker-dealer, an investment adviser, or a federal covered investment adviser means:

(A) an office at which the broker-dealer, investment adviser, or federal covered investment adviser regularly provides brokerage or investment advice or solicits, meets with, or otherwise communicates with customers or clients; or

(B) any other location that is held out to the general public as a location at which the broker-dealer, investment adviser, or federal covered investment adviser provides brokerage or investment advice or solicits, meets with, or otherwise communicates with customers or clients.

(23) "Predecessor Act" means Minnesota Statutes 2002, sections 80A.01 to 80A.31.

(24) "Price amendment" means the amendment to a registration statement filed under the Securities Act of 1933 or, if an amendment is not filed, the prospectus or prospectus supplement filed under the Securities Act of 1933 that includes a statement of the offering price, underwriting and selling discounts or commissions, amount of proceeds, conversion rates, call prices, and other matters dependent upon the offering price.

(25) "Principal place of business" of a broker-dealer or an investment adviser means the executive office of the broker-dealer or investment adviser from which the officers, partners, or managers of the broker-dealer or investment adviser direct, control, and coordinate the activities of the broker-dealer or investment adviser.

(26) Only for purposes of calculating the number of purchasers under section 80A.46(1) and 80A.46(14), "purchaser" does not include:

(A) any relative, spouse, or relative of the spouse of a purchaser who has the same principal residence as the purchaser;

(B) any trust or estate in which a purchaser and any of the persons related to him as specified in Regulation D, Rule 501(e)(1)(i) or (e)(1)(ii) collectively have more than 50 percent of the beneficial interest (excluding contingent interests);

(C) any corporation or other organization of which a purchaser and any of the persons related to the purchaser as specified in Regulation D, Rule 501(e)(1)(i) or (e)(1)(ii) collectively are beneficial owners of more than 50 percent of the equity securities (excluding directors' qualifying shares) or equity interests; and

(D) any accredited investor.

A corporation, partnership, or other entity must be counted as one purchaser. If, however, that entity is organized for the specific purpose of acquiring the securities offered and is not an accredited investor, then each beneficial owner of equity securities or equity interests in the entity shall count as a separate purchaser for all provisions of Regulation D, except to the extent provided in Regulation D, Rule 501(e)(1).

A noncontributory employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974 shall be counted as one purchaser where the trustee makes all investment decisions for the plan.

(27) "Record," except in the phrases "of record," "official record," and "public record," means

information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(28) "Sale" includes every contract of sale, contract to sell, or disposition of, a security or interest in a security for value, and "offer to sell" includes every attempt or offer to dispose of, or solicitation of an offer to purchase, a security or interest in a security for value.

(A) A security given or delivered with, or as a bonus on account of, any purchase of securities or any other thing is considered to constitute part of the subject of the purchase and to have been offered and sold for value.

(B) A gift of assessable stock is considered to involve an offer and sale.

(C) A sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer and a sale or offer of a security that gives the holder a present or future right or privilege to convert the security into another security of the same or another issuer, are each considered to include an offer of the other security.

(29) "Securities and Exchange Commission" means the United States Securities and Exchange Commission.

(30) "Security" means a note; stock; treasury stock; security future; bond; debenture; evidence of indebtedness; certificate of interest or participation in a profit-sharing agreement; collateral trust certificate; preorganization certificate or subscription; transferable share; investment contract; voting trust certificate; certificate of deposit for a security; fractional undivided interest in oil, gas, or other mineral rights; put, call, straddle, option, or privilege on a security, certificate of deposit, or group or index of securities, including an interest therein or based on the value thereof; put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency; or, in general, an interest or instrument commonly known as a "security"; or a certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term:

(A) includes both a certificated and an uncertificated security;

(B) does not include an insurance or endowment policy or annuity contract under which an insurance company promises to pay a fixed or variable sum of money either in a lump sum or periodically for life or other specified period;

(C) does not include an interest in a contributory or noncontributory pension or welfare plan subject to the Employee Retirement Income Security Act of 1974;

(D) includes as an "investment contract," among other contracts, an interest in a limited partnership and a limited liability company and an investment in a viatical settlement or similar agreement; and

(E) does not include any equity interest of a closely held corporation or other entity with not more than 35 holders of the equity interest of such entity offered or sold pursuant to a transaction in which 100 percent of the equity interest of such entity is sold as a means to effect the sale of the business of the entity if the transaction has been negotiated on behalf of all purchasers and if all purchasers have access to inside information regarding the entity before consummating the transaction.

(31) "Self-regulatory organization" means a national securities exchange registered under the Securities Exchange Act of 1934, a national securities association of broker-dealers registered under the Securities Exchange Act of 1934, a clearing agency registered under the Securities Exchange Act of 1934, or the Municipal Securities Rulemaking Board established under the Securities Exchange Act of 1934.

(32) "Sign" means, with present intent to authenticate or adopt a record:

(A) to execute or adopt a tangible symbol; or

(B) to attach or logically associate with the record an electronic symbol, sound, or process.

(33) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(34) "Associated with" with respect to a person means any partner, officer, director, or manager of such person or any person occupying a similar status or performing similar functions or any person directly or indirectly controlling, controlled by, or in common control with, such person, but does not include a person whose primary duties are ministerial or clerical.

Sec. 45. Minnesota Statutes 2008, section 80A.46, is amended to read:

80A.46 SECTION 202; EXEMPT TRANSACTIONS.

The following transactions are exempt from the requirements of sections 80A.49 through 80A.54 and 80A.71:

(1) isolated nonissuer transactions, consisting of sale to not more than ten purchasers in Minnesota during any period of 12 consecutive months, whether effected by or through a broker-dealer or not;

(2) a nonissuer transaction by or through a broker-dealer registered, or exempt from registration under this chapter, and a resale transaction by a sponsor of a unit investment trust registered under the Investment Company Act of 1940, in a security of a class that has been outstanding in the hands of the public for at least 90 days, if, at the date of the transaction:

(A) the issuer of the security is engaged in business, the issuer is not in the organizational stage or in bankruptcy or receivership, and the issuer is not a blank check, blind pool, or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;

(B) the security is sold at a price reasonably related to its current market price;

(C) the security does not constitute the whole or part of an unsold allotment to, or a subscription or participation by, the broker-dealer as an underwriter of the security or a redistribution;

(D) a nationally recognized securities manual or its electronic equivalent designated by rule adopted or order issued under this chapter or a record filed with the Securities and Exchange Commission that is publicly available contains:

(i) a description of the business and operations of the issuer;

(ii) the names of the issuer's executive officers and the names of the issuer's directors, if any;

(iii) an audited balance sheet of the issuer as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had an audited balance sheet, a pro forma balance sheet for the combined organization; and

(iv) an audited income statement for each of the issuer's two immediately previous fiscal years or for the period of existence of the issuer, whichever is shorter, or, in the case of a reorganization or merger when each party to the reorganization or merger had audited income statements, a pro forma income statement; and

(E) any one of the following requirements is met:

(i) the issuer of the security has a class of equity securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934 or designated for trading on the National Association of Securities Dealers Automated Quotation System;

(ii) the issuer of the security is a unit investment trust registered under the Investment Company Act of 1940;

(iii) the issuer of the security, including its predecessors, has been engaged in continuous business for at least three years; or

(iv) the issuer of the security has total assets of at least \$2,000,000 based on an audited balance sheet as of a date within 18 months before the date of the transaction or, in the case of a reorganization or merger when the parties to the reorganization or merger each had such an audited balance sheet, a pro forma balance sheet for the combined organization;

(3) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in a security of a foreign issuer that is a margin security defined in regulations or rules adopted by the Board of Governors of the Federal Reserve System;

(4) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in an outstanding security if the guarantor of the security files reports with the Securities and Exchange Commission under the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. Sections 78m or 78o(d));

(5) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter in a security that:

(A) is rated at the time of the transaction by a nationally recognized statistical rating organization in one of its four highest rating categories; or

(B) has a fixed maturity or a fixed interest or dividend, if:

(i) a default has not occurred during the current fiscal year or within the three previous fiscal years or during the existence of the issuer and any predecessor if less than three fiscal years, in the payment of principal, interest, or dividends on the security; and

(ii) the issuer is engaged in business, is not in the organizational stage or in bankruptcy or receivership, and is not and has not been within the previous 12 months a blank check, blind pool,

or shell company that has no specific business plan or purpose or has indicated that its primary business plan is to engage in a merger or combination of the business with, or an acquisition of, an unidentified person;

(6) a nonissuer transaction by or through a broker-dealer registered or exempt from registration under this chapter effecting an unsolicited order or offer to purchase;

(7) a nonissuer transaction executed by a bona fide pledgee without the purpose of evading this chapter;

(8) a nonissuer transaction by a federal covered investment adviser with investments under management in excess of \$100,000,000 acting in the exercise of discretionary authority in a signed record for the account of others;

(9) a transaction in a security, whether or not the security or transaction is otherwise exempt, in exchange for one or more bona fide outstanding securities, claims, or property interests, or partly in such exchange and partly for cash, if the terms and conditions of the issuance and exchange or the delivery and exchange and the fairness of the terms and conditions have been approved by the administrator after a hearing;

(10) a transaction between the issuer or other person on whose behalf the offering is made and an underwriter, or among underwriters;

(11) a transaction in a note, bond, debenture, or other evidence of indebtedness secured by a mortgage or other security agreement if:

(A) the note, bond, debenture, or other evidence of indebtedness is offered and sold with the mortgage or other security agreement as a unit;

(B) a general solicitation or general advertisement of the transaction is not made; and

(C) a commission or other remuneration is not paid or given, directly or indirectly, to a person not registered under this chapter as a broker-dealer or as an agent;

(12) a transaction by an executor, administrator of an estate, sheriff, marshal, receiver, trustee in bankruptcy, guardian, or conservator;

(13) a sale or offer to sell to:

(A) an institutional investor;

(B) an accredited investor;

(C) a federal covered investment adviser; or

(D) any other person exempted by rule adopted or order issued under this chapter;

(14) a sale or an offer to sell securities by an issuer, if the transaction is part of a single issue in which:

(A) not more than 35 purchasers are present in this state during any 12 consecutive months, other than those designated in paragraph (13);

(B) a general solicitation or general advertising is not made in connection with the offer to sell

or sale of the securities;

(C) a commission or other remuneration is not paid or given, directly or indirectly, to a person other than a broker-dealer registered under this chapter or an agent registered under this chapter for soliciting a prospective purchaser in this state; and

(D) the issuer reasonably believes that all the purchasers in this state, other than those designated in paragraph (13), are purchasing for investment.

Any issuer selling to purchasers in this state in reliance on this clause (14) exemption must provide to the administrator notice of the transaction by filing a statement of issuer form as adopted by rule. Notice must be filed at least ten days in advance of any sale or such shorter period as permitted by the administrator. However, an issuer who makes sales to ten or fewer purchasers in Minnesota during any period of 12 consecutive months is not required to provide this notice;

(15) a transaction under an offer to existing security holders of the issuer, including persons that at the date of the transaction are holders of convertible securities, options, or warrants, if a commission or other remuneration, other than a standby commission, is not paid or given, directly or indirectly, for soliciting a security holder in this state. The person making the offer and effecting the transaction must provide to the administrator notice of the transaction by filing a written description of the transaction. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(16) an offer to sell, but not a sale, of a security not exempt from registration under the Securities Act of 1933 if:

(A) a registration or offering statement or similar record as required under the Securities Act of 1933 has been filed, but is not effective, or the offer is made in compliance with Rule 165 adopted under the Securities Act of 1933 (17 C.F.R. 230.165); and

(B) a stop order of which the offeror is aware has not been issued against the offeror by the administrator or the Securities and Exchange Commission, and an audit, inspection, or proceeding that is public and that may culminate in a stop order is not known by the offeror to be pending;

(17) an offer to sell, but not a sale, of a security exempt from registration under the Securities Act of 1933 if:

(A) a registration statement has been filed under this chapter, but is not effective;

(B) a solicitation of interest is provided in a record to offerees in compliance with a rule adopted by the administrator under this chapter; and

(C) a stop order of which the offeror is aware has not been issued by the administrator under this chapter and an audit, inspection, or proceeding that may culminate in a stop order is not known by the offeror to be pending;

(18) a transaction involving the distribution of the securities of an issuer to the security holders of another person in connection with a merger, consolidation, exchange of securities, sale of assets, or other reorganization to which the issuer, or its parent or subsidiary and the other person, or its parent or subsidiary, are parties. The person distributing the issuer's securities must provide to the administrator notice of the transaction by filing a written description of the transaction along with a

consent to service of process complying with section 80A.88. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(19) a rescission offer, sale, or purchase under section 80A.77;. The person making the rescission offer must provide to the administrator notice of the transaction by filing a written description of the transaction and a copy of the record that must be delivered to the offeree under section 80A.77. Notice must be filed at least ten days in advance of any rescission offer under section 80A.77 or a shorter period as permitted by the administrator;

(20) an offer or sale of a security to a person not a resident of this state and not present in this state if the offer or sale does not constitute a violation of the laws of the state or foreign jurisdiction in which the offeree or purchaser is present and is not part of an unlawful plan or scheme to evade this chapter;

(21) employees' stock purchase, savings, option, profit-sharing, pension, or similar employees' benefit plan, including any securities, plan interests, and guarantees issued under a compensatory benefit plan or compensation contract, contained in a record, established by the issuer, its parents, its majority-owned subsidiaries, or the majority-owned subsidiaries of the issuer's parent for the participation of their employees including offers or sales of such securities to:

(A) directors; general partners; trustees, if the issuer is a business trust; officers; consultants; and advisors;

(B) family members who acquire such securities from those persons through gifts or domestic relations orders;

(C) former employees, directors, general partners, trustees, officers, consultants, and advisors if those individuals were employed by or providing services to the issuer when the securities were offered; and

(D) insurance agents who are exclusive insurance agents of the issuer, or the issuer's subsidiaries or parents, or who derive more than 50 percent of their annual income from those organizations.

A person establishing an employee benefit plan under the exemption in this clause (21) must provide to the administrator notice of the transaction by filing a written description of the transaction along with a consent to service of process complying with section 80A.88. Notice must be filed at least ten days in advance of any transaction or such shorter period as permitted by the administrator;

(22) a transaction involving:

(A) a stock dividend or equivalent equity distribution, whether the corporation or other business organization distributing the dividend or equivalent equity distribution is the issuer or not, if nothing of value is given by stockholders or other equity holders for the dividend or equivalent equity distribution other than the surrender of a right to a cash or property dividend if each stockholder or other equity holder may elect to take the dividend or equivalent equity distribution in cash, property, or stock;

(B) an act incident to a judicially approved reorganization in which a security is issued in exchange for one or more outstanding securities, claims, or property interests, or partly in such exchange and partly for cash; or

(C) the solicitation of tenders of securities by an offeror in a tender offer in compliance with Rule 162 adopted under the Securities Act of 1933 (17 C.F.R. 230.162);

(23) a nonissuer transaction in an outstanding security by or through a broker-dealer registered or exempt from registration under this chapter, if the issuer is a reporting issuer in a foreign jurisdiction designated by this paragraph or by rule adopted or order issued under this chapter; has been subject to continuous reporting requirements in the foreign jurisdiction for not less than 180 days before the transaction; and the security is listed on the foreign jurisdiction's securities exchange that has been designated by this paragraph or by rule adopted or order issued under this chapter, or is a security of the same issuer that is of senior or substantially equal rank to the listed security or is a warrant or right to purchase or subscribe to any of the foregoing. For purposes of this paragraph, Canada, together with its provinces and territories, is a designated foreign jurisdiction and The Toronto Stock Exchange, Inc., is a designated securities exchange. After an administrative hearing in compliance with chapter 14, the administrator, by rule adopted or order issued under this chapter, may revoke the designation of a securities exchange under this paragraph, if the administrator finds that revocation is necessary or appropriate in the public interest and for the protection of investors;

(24) any transaction effected by or through a Canadian broker-dealer exempted from broker-dealer registration pursuant to section 80A.56(b)(3); or

(25)(A) the offer and sale by a cooperative organized under chapter 308A, or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when the securities are issued as patronage dividends. This paragraph applies to a cooperative organized under chapter 308A, or under the laws of another state, only if the cooperative has filed with the administrator a consent to service of process under section 80A.88 and has, not less than ten days before the issuance or delivery, furnished the administrator with a written general description of the transaction and any other information that the administrator requires by rule or otherwise;

(B) the offer and sale by a cooperative organized under chapter 308B of its securities when the securities are offered and sold to its existing members or when the purchase of the securities is necessary or incidental to establishing patron membership in the cooperative, or when such securities are issued as patronage dividends. The administrator has the power to define "patron membership" for purposes of this paragraph. This paragraph applies to securities, other than securities issued as patronage dividends, only when:

(i) the issuer, before the completion of the sale of the securities, provides each offeree or purchaser disclosure materials that, to the extent material to an understanding of the issuer, its business, and the securities being offered, substantially meet the disclosure conditions and limitations found in rule 502(b) of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502; and

(ii) within 15 days after the completion of the first sale in each offering completed in reliance upon this exemption, the cooperative has filed with the administrator a consent to service of process under section 80A.88 (or has previously filed such a consent), and has furnished the administrator with a written general description of the transaction and any other information that the administrator requires by rule or otherwise; and

(C) a cooperative may, at or about the same time as offers or sales are being completed in

reliance upon the exemptions from registration found in this subpart and as part of a common plan of financing, offer or sell its securities in reliance upon any other exemption from registration available under this chapter. The offer or sale of securities in reliance upon the exemptions found in this subpart will not be considered or deemed a part of or be integrated with any offer or sale of securities conducted by the cooperative in reliance upon any other exemption from registration available under this chapter, nor will offers or sales of securities by the cooperative in reliance upon any other exemption from registration available under this chapter be considered or deemed a part of or be integrated with any offer or sale conducted by the cooperative in reliance upon this paragraph.

Sec. 46. Minnesota Statutes 2008, section 80A.65, subdivision 6, is amended to read:

Subd. 6. **Rescission offer filing fee.** The filing of a rescission offer under section ~~80A.77~~ 80A.46(19), shall be accompanied by the fees as calculated in subdivision 1.

Sec. 47. Minnesota Statutes 2008, section 82.17, is amended by adding a subdivision to read:

Subd. 1a. **Brokerage; business entity.** "Brokerage" or "business entity" means a corporation, partnership, limited liability company, limited liability partnership, or other business structure that holds a real estate broker license.

Sec. 48. Minnesota Statutes 2008, section 82.17, subdivision 15, is amended to read:

Subd. 15. **Protective list.** "Protective list" means the written list of names and addresses of prospective ~~purchasers~~ buyers with whom a licensee has negotiated the sale or rental of the property or to whom a licensee has exhibited the property before the expiration of the listing agreement. For the purposes of this subdivision, "property" means the property that is the subject of the listing agreement in question.

Sec. 49. Minnesota Statutes 2008, section 82.17, is amended by adding a subdivision to read:

Subd. 20a. **Responsible person.** "Responsible person" means a natural person that is an officer of a corporation, a partner of a partnership, a general partner of a limited liability partnership, or a manager of a limited liability company.

Sec. 50. Minnesota Statutes 2008, section 82.19, is amended to read:

82.19 COMPENSATION.

Subdivision 1. **Licensee to receive only from broker.** A licensee shall not accept a commission, compensation, referral fee, or other valuable consideration for the performance of any acts requiring a real estate license from any person except the real estate broker to whom the licensee is licensed or to whom the licensee was licensed at the time of the transaction.

Subd. 1a. **Commission-splitting, rebates, referral fee, and fees.** (a) In connection with a real estate or business opportunity transaction, a real estate broker or real estate salesperson shall not offer, pay, or give, and a person shall not accept, any compensation or other thing of value from a real estate broker or real estate salesperson by way of commission-splitting, rebate, referral fees, finder's fees, or otherwise.

(b) This subdivision does not apply to transactions:

(1) between a licensed real estate broker or salesperson and the parties to the transaction;

(2) among persons licensed as provided in this chapter;

(3) between a licensed real estate broker or salesperson and persons from other jurisdictions similarly licensed in that jurisdiction;

(4) involving timeshare or other recreational lands where the amount offered or paid does not exceed \$150, and payment is not conditioned upon any sale but is made merely for providing the referral and the person paying the fee is bound by any representations made by the person receiving the fee; and

(5) involving a person who receives a referral fee from a person or an agent of a person licensed under this section, provided that in any 12-month period, no recipient may earn more than the value of one month's rent, that the recipient is a resident of the property or has lived there within 60 days of the payment of the fee, and that the person paying the fee is bound by any representations made by the recipient of the fee.

Subd. 2. **Undisclosed compensation.** A licensee shall not accept, give, or charge any undisclosed compensation or realize any direct or indirect remuneration that inures to the benefit of the licensee on an expenditure made for a principal.

Subd. 2a. **Sharing of compensation with other brokers.** The seller may, in the listing agreement, authorize the seller's broker to disburse part of the broker's compensation to other brokers, including the buyer's brokers solely representing the buyer.

Subd. 3. **Limitation on broker when transaction not completed.** When the owner fails or is unable to consummate a real estate transaction, through no fault of the purchaser, the listing broker may not claim any portion of any trust funds deposited with the broker by the purchaser, absent a separate agreement with the purchaser.

Subd. 3a. **Directing payment of compensation.** A licensed real estate broker or salesperson may assign or direct that commissions or other compensation earned in connection with a real estate or business opportunity transaction be paid to a corporation, limited liability company, or sole proprietorship of which the licensed real estate broker or salesperson is the sole owner.

Subd. 3b. **Closing agent fee.** A real estate closing agent may not charge a fee for closing services to a borrower, and a borrower may not be required to pay such a fee at settlement, if the fee was not previously disclosed in writing at least one business day before the settlement. This disclosure requirement is satisfied if a disclosure is made or an estimate given under section 507.45.

Sec. 51. Minnesota Statutes 2008, section 82.21, subdivision 2, is amended to read:

Subd. 2. **Listing agreements.** (a) **Requirement.** Licensees shall obtain a signed listing agreement or other signed written authorization from the owner of real property or from another person authorized to offer the property for sale or lease before advertising to the general public that the real property is available for sale or lease.

For the purposes of this section "advertising" includes placing a sign on the owner's property that indicates that the property is being offered for sale or lease.

(b) **Contents.** All listing agreements must be in writing and must include:

(1) a definite expiration date;

- (2) a description of the real property involved;
- (3) the list price and any terms required by the seller;
- (4) the amount of any compensation or commission or the basis for computing the commission;
- (5) a clear statement explaining the events or conditions that will entitle a broker to a commission;

(6) a clear statement explaining if the agreement may be canceled and the terms under which the agreement may be canceled;

~~(6)~~ (7) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the seller with a protective list within 72 hours after the expiration of the listing agreement;

~~(7)~~ (8) the following notice in not less than ten point boldface type immediately preceding any provision of the listing agreement relating to compensation of the licensee:

"NOTICE: THE COMPENSATION FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKER'S CLIENT.";

~~(8)~~ (9) for residential property listings, the following "dual agency" disclosure statement:

If a buyer represented by broker wishes to buy the seller's property, a dual agency will be created. This means that broker will represent both the seller(s) and the buyer(s), and owe the same duties to the buyer(s) that broker owes to the seller(s). This conflict of interest will prohibit broker from advocating exclusively on the seller's behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, the seller(s) will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless the seller(s) instruct broker in writing to disclose specific information about the seller(s). All other information will be shared. Broker cannot act as a dual agent unless both the seller(s) and the buyer(s) agree to it. By agreeing to a possible dual agency, the seller(s) will be giving up the right to exclusive representation in an in-house transaction. However, if the seller(s) should decide not to agree to a possible dual agency, and the seller(s) want broker to represent the seller(s), the seller(s) may give up the opportunity to sell the property to buyers represented by broker.

Seller's Instructions to Broker

Having read and understood this information about dual agency, seller(s) now instructs broker as follows:

..... Seller(s) will agree to a dual agency representation and will consider offers made by buyers represented by broker.

..... Seller(s) will not agree to a dual agency representation and will not consider offers made by buyers represented by broker.

.....
Seller

.....
Real Estate Company Name

..... By:

Seller Salesperson

Date :

~~(9)~~ (10) a notice requiring the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing; and

~~(10)~~ (11) for residential listings, a notice stating that after the expiration of the listing agreement, the seller will not be obligated to pay the licensee a fee or commission if the seller has executed another valid listing agreement pursuant to which the seller is obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of the real property in question. This notice may be used in the listing agreement for any other type of real estate.

(c) **Prohibited provisions.** Except as otherwise provided in paragraph (d), clause (2), licensees shall not include in a listing agreement a holdover clause, automatic extension, or any similar provision, or an override clause the length of which is more than six months after the expiration of the listing agreement.

(d) **Override clauses.** (1) Licensees shall not seek to enforce an override clause unless a protective list has been furnished to the seller within 72 hours after the expiration of the listing agreement.

(2) A listing agreement may contain an override clause of up to two years in length when used in conjunction with the purchase or sale of a business. The length of the override clause must be negotiable between the licensee and the seller of the business. The protective list provided in connection with the override clause must include the written acknowledgment of each party named on the protective list, that the business which is the subject of the listing agreement was presented to that party by the licensee.

(e) **Protective lists.** A broker or salesperson has the burden of demonstrating that each person on the protective list has, during the period of the listing agreement, either made an affirmative showing of interest in the property by responding to an advertisement or by contacting the broker or salesperson involved or has been physically shown the property by the broker or salesperson. For the purpose of this section, the mere mailing or other distribution by a licensee of literature setting forth information about the property in question does not, of itself, constitute an affirmative showing of interest in the property on the part of a subsequent purchaser.

For listings of nonresidential real property which do not contain the notice described in paragraph (b), clause ~~(10)~~ (11), the protective list must contain the following notice in boldface type:

"IF YOU RELIST WITH ANOTHER BROKER WITHIN THE OVERRIDE PERIOD AND THEN SELL YOUR PROPERTY TO ANYONE WHOSE NAME APPEARS ON THIS LIST, YOU COULD BE LIABLE FOR FULL COMMISSIONS TO BOTH BROKERS. IF THIS NOTICE IS NOT FULLY UNDERSTOOD, SEEK COMPETENT ADVICE."

Sec. 52. Minnesota Statutes 2008, section 82.24, subdivision 3, is amended to read:

Subd. 3. **Broker payment consolidation.** For all license renewal fees, recovery fund renewal

fees, and recovery fund assessments pursuant to this section and section 82.43, the broker must remit the fees or assessments for the company, broker, and all salespersons licensed to the broker, in the form of a single ~~check~~ payment.

Sec. 53. Minnesota Statutes 2008, section 82.29, subdivision 4, is amended to read:

Subd. 4. **Broker's examination.** (a) The examination for a real estate broker's license shall be more exacting than that for a real estate salesperson, and shall require a higher degree of knowledge of the fundamentals of real estate practice and law.

(b) Every application for a broker's examination shall be accompanied by proof that the applicant has had a minimum of two years of actual experience within the previous five-year period prior to application as a licensed real estate salesperson in this or in another state having comparable requirements or is, in the opinion of the commissioner, otherwise or similarly qualified by reason of education or practical experience. The applicant shall have completed educational requirements in accordance with subdivision 8.

(c) An applicant for a limited broker's license pursuant to section 82.34, subdivision 13, shall not be required to have a minimum of two years of actual experience as a real estate person in order to obtain a limited broker's license ~~to act as principal only~~.

Sec. 54. Minnesota Statutes 2008, section 82.29, subdivision 5, is amended to read:

Subd. 5. **Waivers.** The commissioner may ~~waive~~ grant a waiver of the real estate licensing experience requirement for the broker's examination to a qualified applicant for a waiver.

(a) ~~An~~ A qualified applicant for a waiver shall provide evidence of is an individual who:

(1) ~~successful completion of a minimum of 90 quarter credits or 270 classroom hours of real estate related studies~~ has a degree in real estate from an accredited college or university;

(2) ~~a minimum of five consecutive years of practical experience in real estate related areas~~ is a licensed practicing attorney whose practice involves real estate law; or

(3) ~~successful completion of 30 credits or 90 classroom hours and three consecutive years of practical experience in real estate related areas~~ is a public officer whose official duties involve real estate law or real estate transactions.

(b) A request for a waiver shall be submitted to the commissioner in writing on a form prescribed by the commissioner and be accompanied by documents necessary to evidence qualification as set forth in paragraph (a).

(c) The waiver will lapse if the applicant fails to successfully complete the broker's examination within one year from the date of the granting of the waiver.

Sec. 55. Minnesota Statutes 2008, section 82.29, subdivision 8, is amended to read:

Subd. 8. **Instruction; new licenses.** (a) ~~Every~~ An applicant for a salesperson's license shall be required to successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner before taking the examination specified in subdivision 1. ~~Every~~ An applicant for a salesperson's license shall be required to successfully complete an additional course of study in the real estate field consisting of 60 hours of instruction approved

by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules, and of which two hours must consist of training in laws and regulations on agency representation and disclosure, before filing an application for the license. This subdivision does not apply to salespeople licensed in Minnesota before July 1, 1969.

(b) An applicant for a broker's license must successfully complete a course of study in the real estate field consisting of 30 hours of instruction approved by the commissioner, of which three hours shall consist of training in state and federal fair housing laws, regulations, and rules. The course must have been completed within 12 months prior to the date of application for the broker's license.

~~(c) An applicant for a real estate closing agent's license must successfully complete a course of study relating to closing services consisting of eight hours of instruction approved by the commissioner.~~

Sec. 56. Minnesota Statutes 2008, section 82.31, subdivision 1, is amended to read:

Subdivision 1. **Qualification of applicants.** ~~Every~~ An applicant for a real estate broker, or real estate salesperson, ~~or real estate closing agent~~ license shall be at least 18 years of age at the time of making application for said license.

Sec. 57. Minnesota Statutes 2008, section 82.31, subdivision 2, is amended to read:

Subd. 2. **Application for license; contents.** (a) ~~Every~~ An applicant for a license as a real estate broker, or real estate salesperson, ~~or closing agent~~ shall make an application in ~~writing upon forms prepared and furnished~~ the format prescribed by the commissioner. ~~Each~~ The application shall be signed and sworn to by the applicant and shall be accompanied by the license fee required by this chapter.

(b) Each application for a real estate broker license, or real estate salesperson license, ~~or real estate closing agent license~~ shall contain such information as required by the commissioner consistent with the administration of the provisions and purposes of this chapter.

(c) ~~Each~~ The application for a real estate salesperson license shall give the applicant's legal name, age, residence address, and the name and place of business of the real estate broker on whose behalf the salesperson is to be acting.

~~(d) Each application for a real estate closing agent license shall give the applicant's name, age, residence address, and the name and place of business of the closing agent.~~

~~(e)~~ (d) The commissioner may require such further information as the commissioner deems appropriate to administer the provisions and further the purposes of this chapter.

~~(f) Applicants~~ (e) An applicant for a real estate salesperson license shall submit to the commissioner, along with the application for licensure, a copy of the course completion certificate for courses I, II, and III and passing examination results.

Sec. 58. Minnesota Statutes 2009 Supplement, section 82.31, subdivision 4, is amended to read:

Subd. 4. **Corporate and partnership Business entity; brokerage licenses.** (a) A ~~corporation~~ business entity applying for a license shall have at least one ~~officer~~ responsible person individually licensed to act as broker for the ~~corporation~~ brokerage. The ~~corporation~~ business entity broker's license shall extend no authority to act as broker to any person other than the ~~corporate~~ business

entity. Each ~~officer~~ responsible person who intends to act as a broker shall obtain a license.

(b) A ~~partnership~~ business entity applying for a license shall have at least one ~~partner~~ responsible person individually licensed to act as broker for the ~~partnership~~ business entity. Each ~~partner~~ responsible person who intends to act as a broker shall obtain a license.

(c) ~~Applications~~ An application for a business entity license ~~made by a corporation shall be verified by the president and one other officer. Applications made by a partnership shall be verified by at least two partners~~ responsible persons for the business entity.

(d) ~~Any partner or officer~~ A responsible person who ceases to act as broker for a ~~partnership or corporation~~ business entity shall notify the commissioner upon said termination. The individual licenses of all salespersons acting on behalf of a ~~corporation or partnership,~~ brokerage are automatically ineffective upon the revocation or suspension of the license of the ~~partnership or corporation~~ brokerage. The commissioner may suspend or revoke the license of an ~~officer or partner~~ responsible person licensee without suspending or revoking the license of the ~~corporation or partnership~~ business entity.

(e) The application of all ~~officers~~ responsible persons of a ~~corporation or partners in a partnership~~ business entity who intend to act as ~~a broker~~ brokers on behalf of a ~~corporation or partnership~~ business entity shall accompany the initial license application of the ~~corporation or partnership~~ business entity. ~~Officers or partners~~ Responsible persons intending to act as brokers subsequent to the licensing of the ~~corporation or partnership~~ business entity shall procure an individual real estate broker's license prior to acting in the capacity of a broker. No ~~corporate officer, or partner,~~ responsible person who maintains a salesperson's license may exercise any authority over any trust account administered by the broker nor may they be vested with any supervisory authority over the broker.

(f) The ~~corporation or partnership~~ business entity applicant shall make available upon request, such records and data required by the commissioner for enforcement of this chapter.

(g) The commissioner may require further information, as the commissioner deems appropriate, to administer the provisions and further the purposes of this chapter.

Sec. 59. Minnesota Statutes 2009 Supplement, section 82.32, is amended to read:

82.32 LICENSING: CONTINUING EDUCATION AND INSTRUCTION.

(a) All real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during the initial license period and during each succeeding 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner may adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of prelicense instruction as required under section 82.29, subdivision 8, and continuing education as required under this section and sections 82.29; 82.31, ~~subdivisions~~ subdivision 5 and ~~6~~; 82.33, subdivisions 1 and 4 to 6; and 82.44. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor except accredited courses using

new delivery technology, including interactive technology, and the Internet. The commissioner may approve courses of study in the real estate field offered in educational institutions of higher learning in this state or courses of study in the real estate field developed by and offered under the auspices of the National Association of Realtors, its affiliates, or private real estate schools. Courses in motivation, salesmanship, psychology, or time management shall not be approved by the commissioner for continuing education credit. The commissioner may approve courses in any other subjects, including, but not limited to, communication, marketing, negotiation, and technology for continuing education credit.

(c) As part of the continuing education requirements of this section and sections 82.29; 82.31, subdivisions 5 and 6; 82.33, subdivisions 1 and 4 to 6; and 82.44, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least one hour of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least one hour of training during each license period in courses in state and federal fair housing laws, regulations, and rules, other antidiscrimination laws, or courses designed to help licensees to meet the housing needs of immigrant and other underserved populations.

Clauses (1) and (2) do not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(d) The commissioner is authorized to establish a procedure for renewal of course accreditation.

(e) Approved continuing education courses may be sponsored or offered by a broker of a real estate company and may be held on the premises of a company licensed under this chapter. All continuing education course offerings must be open to any interested individuals. Access may be restricted by the education provider based on class size only. Courses must not be approved if attendance is restricted to any particular group of people. A broker must comply with all continuing education rules prescribed by the commissioner. The commissioner shall not approve any prelicense instruction courses offered by, sponsored by, or affiliated with any person or company licensed to engage in the real estate business.

(f) Credit may not be earned if the licensee has previously obtained credit for the same course as either a student or instructor during the same licensing period.

(g) The real estate education course completion certificate must be in the form set forth by the commissioner. Students are responsible for maintaining copies of course completion certificates.

(h) An approved prelicense 30-hour broker course may be used for continuing education credit by a real estate salesperson or broker if the course is completed during the appropriate licensing period.

Sec. 60. Minnesota Statutes 2008, section 82.33, subdivision 1, is amended to read:

Subdivision 1. **Duration.** ~~No~~ The renewal of a salesperson's license shall be is not effective beyond a date two years after the granting of such the salesperson's license unless the salesperson has furnished evidence of compliance with section 82.29, subdivision 8. The commissioner shall cancel the license of ~~any~~ a salesperson who fails to comply with section 82.29, subdivision 8. ~~This~~

~~subdivision shall not apply to salespeople licensed in Minnesota prior to July 1, 1969.~~

Sec. 61. Minnesota Statutes 2008, section 82.33, is amended by adding a subdivision to read:

Subd. 1a. **Broker's responsibility.** (a) A broker shall renew the license of each eligible salesperson who is and will continue to be associated with the broker. For the purposes of this subdivision, an eligible salesperson is one who has demonstrated compliance with all renewal requirements before June 15 of the renewal year.

(b) When a broker does not intend to renew the license of an eligible salesperson who is associated with the broker, the broker must notify the salesperson in writing 30 days before June 15 of the renewal year.

(c) When the broker responsible for the salesperson's license renewal does not renew an eligible salesperson's license before the renewal deadline, the broker shall pay on the salesperson's behalf any additional higher license fees that result.

Sec. 62. Minnesota Statutes 2008, section 82.33, subdivision 2, is amended to read:

Subd. 2. **Timely renewals.** Persons ~~A person whose applications have application for a license renewal has not been properly and timely filed and who have has not received notice of denial approval of renewal are deemed to have been approved for renewal and may not continue to transact business either as a real estate broker, salesperson, or closing agent whether or not the renewed license has been received on or before July 1 after June 30 of the renewal year until approval of renewal is received. Application for renewal of a license shall be deemed to have been is timely filed if received by the commissioner by, or mailed with proper postage and postmarked by;~~

(1) all requirements for renewal, including continuing education requirements, have been completed by June 15 of the renewal year. ~~Applications for renewal shall be deemed properly filed if made; and~~

(2) the application is submitted before the renewal deadline in the manner prescribed by the commissioner upon forms duly executed and sworn to, accompanied by fees prescribed by this chapter, and ~~contain~~ containing any information which the commissioner may require requires.

Sec. 63. Minnesota Statutes 2008, section 82.34, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) The commissioner shall issue a license as a real estate broker, ~~or real estate salesperson, or closing agent~~ to any person who qualifies for ~~such~~ the license under the terms of this chapter.

(b) The commissioner is authorized to establish by rule a special license for real estate brokers and real estate salespeople engaged solely in the rental or management of an interest or estate in real estate, to prescribe qualifications for the license, and to issue the license consistent with the terms of this chapter. This clause shall not be construed to require those owners or managers or their agents or employees who are excluded by section 82.23, clause (d), from the definition of real estate broker, to obtain the special license.

Sec. 64. Minnesota Statutes 2008, section 82.34, subdivision 2, is amended to read:

Subd. 2. **Additional broker's license.** An individual who holds a broker's license in ~~his or her~~ the broker's own name or for or on behalf of a ~~corporation or partnership~~ business entity must be

issued an additional broker's license only upon demonstrating:

(1) that the additional license is necessary in order to serve a legitimate business purpose;

(2) that the broker will be capable of supervising all salespersons over whom ~~he or she~~ the broker will have supervisory responsibility or, in the alternative, that the broker will have no supervisory responsibilities under the additional license; and

(3) that the broker:

(i) has ~~a substantial~~ at least 51 percent ownership interest in each ~~corporation or partnership~~ business entity for or on whose behalf ~~he or she~~ the broker holds or will hold a broker's license; or

(ii) is an elected or appointed officer, signing partner, or managing member of both the business entity for which or on whose behalf the broker already holds a license, and an affiliated business entity for which or on whose behalf the broker is applying for an additional license.

~~The requirement of a substantial ownership interest does not apply where the broker seeking the additional license or licenses is an officer of a corporation for or on whose behalf the broker already holds a license and the broker is applying for the additional license or licenses for or on behalf of an affiliated corporation or corporations of which he or she is also an officer. For the purpose of this section and sections 82.31, subdivisions 1 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, "affiliated corporation business entity" means a corporation which is directly or indirectly controlled business entity that is majority-owned by the same persons as the corporation business entity for which or on whose behalf the broker is already licensed to act.~~

For the purposes of this section and sections 82.31, subdivisions 1 to 4; 82.33, subdivisions 1 to 3; 82.35, subdivision 2; and 82.39, a legitimate business purpose includes engaging in a different and specialized area of real estate or maintaining an existing business name.

Sec. 65. Minnesota Statutes 2008, section 82.34, subdivision 4, is amended to read:

Subd. 4. **Issuance of license; salesperson.** A salesperson must be licensed to act on behalf of a licensed broker and may not be licensed to act on behalf of more than one broker in this state during the same period of time. ~~The license of each real estate salesperson shall be mailed to and remain in the possession of the licensed broker with whom the salesperson is or is to be associated until canceled or until such licensee leaves such broker.~~

Sec. 66. Minnesota Statutes 2008, section 82.34, subdivision 5, is amended to read:

Subd. 5. **Effective date of license. Licenses** A license renewed pursuant to this chapter ~~are~~ is valid for a period of 24 months. ~~New licenses~~ A new license issued during a 24-month licensing period will expire on June 30 of the expiration year assigned to the license. ~~Implementation of the 24-month licensing program must be staggered so that approximately one-half of the licenses will expire on June 30 of each even-numbered year and the other one-half on June 30 of each odd-numbered year. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule will pay for the license a fee reduced by an amount equal to one-half the fee for renewal of the license.~~

Sec. 67. Minnesota Statutes 2008, section 82.34, subdivision 13, is amended to read:

Subd. 13. **Limited broker's license.** (a) The commissioner shall have the authority to issue a

~~limited real estate broker's license authorizing the licensee to engage in transactions as principal only. Such license shall be issued only after receipt of the application described in section 82.31, subdivision 2, and payment of the fee prescribed by section 82.24, subdivision 1. No salesperson may be licensed to act on behalf of an individual holding a limited broker's license. An officer of a corporation or partner of a partnership licensed as a limited broker may act on behalf of that corporation or partnership without being subject to the licensing requirements.~~ following limited activities:

~~(b) A limited broker's license shall also authorize the licensee to engage in negotiation of mortgage loans, other than residential mortgage loans, as described in section 82.17, subdivision 18, clause (b).~~

(1) the licensee to engage in transactions as principal only; or

(2) the licensee to engage in negotiations of mortgage loans, other than residential mortgage loans, as described in section 82.17, subdivision 18, clause (b).

The license may be issued only after receipt of the application described in section 82.31, subdivision 2, and payment of the fee prescribed by section 82.24, subdivision 1. A salesperson may not be licensed to act on behalf of an individual holding a limited broker's license. A responsible person of a business entity licensed as a limited broker may act on behalf of that business entity without being subject to the licensing requirements.

Sec. 68. Minnesota Statutes 2008, section 82.39, is amended to read:

82.39 NOTICE TO COMMISSIONER.

Subdivision 1. **Notice Change of application information.** Notice in writing or in the format prescribed by the commissioner shall be given to the commissioner by each a licensee of any change ~~in~~ of information contained in the license application on file with the commissioner, including but not limited to personal name, trade name, address or business location not later than ten days after such the change. The commissioner shall issue a new license if required for the unexpired period.

Subd. 2. **Mandatory. Licensees** The licensee shall notify the commissioner in writing or in the format prescribed by the commissioner within ten days of the facts in subdivisions 3 to 5.

Subd. 3. **Civil judgment. Licensees** The licensee must notify the commissioner in writing within ten days of a final adverse decision or order of a court, whether or not the decision or order is appealed, regarding any proceeding in which the licensee was named as a defendant, and which alleged fraud, misrepresentation, or the conversion of funds, if the final adverse decision relates to the allegations of fraud, misrepresentation, or the conversion of funds.

Subd. 4. **Disciplinary action.** The licensee must notify the commissioner in writing ~~within ten days~~ of the suspension or revocation of the licensee's real estate or other occupational license issued by this state or another jurisdiction.

Subd. 5. **Criminal offense.** The licensee must notify the commissioner in writing ~~within ten days~~ if the licensee is charged with, adjudged guilty of, or enters a plea of guilty or nolo contendere to a charge of any felony, or of any gross misdemeanor alleging fraud, misrepresentation, conversion of funds, or a similar violation of any real estate licensing law.

Sec. 69. Minnesota Statutes 2008, section 82.41, subdivision 1, is amended to read:

Subdivision 1. **License required.** No person shall act as a real estate broker, or real estate salesperson, or real estate closing agent unless licensed as herein provided in this section.

Sec. 70. Minnesota Statutes 2008, section 82.41, subdivision 2, is amended to read:

Subd. 2. **Misrepresenting status as licensee.** No persons shall advertise or represent themselves to be real estate brokers, ~~salespeople, or closing agents~~ or real estate salespersons unless licensed as herein provided in this section.

Sec. 71. Minnesota Statutes 2008, section 82.41, is amended by adding a subdivision to read:

Subd. 3a. **Limitation on broker when transaction not completed.** When the owner fails or is unable to consummate a real estate transaction, through no fault of the purchaser, the listing broker may not claim any portion of any trust funds deposited with the broker by the purchaser, absent a separate agreement with the purchaser.

Sec. 72. Minnesota Statutes 2008, section 82.45, subdivision 3, is amended to read:

Subd. 3. **Retention.** A licensed real estate broker shall retain for ~~three~~ six years copies of all listings, buyer representation and facilitator services contracts, deposit receipts, purchase money contracts, canceled checks, trust account records, and such other documents as may reasonably be related to carrying on a real estate brokerage business. The retention period shall run from the date of the closing of the transaction, or from the date of the document if the document is not consummated. The following documents need not be retained:

(1) agency disclosure forms provided to prospective buyers or sellers, where no contractual relationship is subsequently created and no services are provided by the licensee; and

(2) facilitator services contracts or buyer representation contracts entered into with prospective buyers, where the prospective buyer abandons the contractual relationship before any services have been provided by the licensee.

Sec. 73. Minnesota Statutes 2008, section 82.45, is amended by adding a subdivision to read:

Subd. 4. **Storage.** Storage of documents identified in subdivision 3 may be stored by electronic means.

Sec. 74. Minnesota Statutes 2008, section 82.45, is amended by adding a subdivision to read:

Subd. 5. **Destruction.** After the retention period specified in subdivision 3 has elapsed and the broker no longer wishes to retain the documents, the broker must ensure that the documents are disposed of according to the confidential record destruction procedures of the Fair and Accurate Credit Transaction Act of 2003, Public Law 108-159.

Sec. 75. Minnesota Statutes 2008, section 82.48, subdivision 2, is amended to read:

Subd. 2. **Penalty for noncompliance.** The methods, acts, or practices set forth in subdivisions 1 and 3 and sections 82.19; 82.22; 82.27; ~~82.31, subdivision 6;~~ 82.37; and 82.41, subdivision 11, are standards of conduct governing the activities of real estate brokers and salespersons. Failure to comply with these standards shall constitute grounds for license denial, suspension, or revocation,

or for censure of the licensee.

Sec. 76. Minnesota Statutes 2008, section 82.48, subdivision 3, is amended to read:

Subd. 3. **Responsibilities of brokers.** (a) **Supervision of personnel.** ~~Brokers~~ A broker shall adequately supervise the activities of ~~their~~ the broker's salespersons and employees. Supervision includes the ongoing monitoring of listing agreements, purchase agreements, other real estate-related documents which are prepared or drafted by the broker's salespersons or employees or which are otherwise received by the broker's office, and the review of all trust account books and records. If an individual broker maintains more than one place of business, each place of business shall be under the broker's direction and supervision. If a ~~partnership or corporate broker~~ brokerage maintains more than one place of business, each place of business shall be under the direction and supervision of an individual broker licensed to act on behalf of the ~~partnership or corporation~~ brokerage.

The primary broker shall maintain records specifying the name of each broker responsible for the direction and supervision of each place of business. If an individual broker, who may be the primary broker, is responsible for supervising more than one place of business, the primary broker shall, upon written request of the commissioner, file a written statement specifying the procedures which have been established to ensure that all salespersons and employees are adequately supervised. Designation of another broker to supervise a place of business does not relieve the primary broker of the ultimate responsibility for the actions of licensees.

(b) **Preparation and safekeeping of documents.** ~~Brokers shall be~~ A broker is responsible for the preparation, custody, safety, and accuracy of all real estate contracts, documents, and records, even though another person may be assigned these duties by the broker.

(c) **Documentation and resolution of complaints.** ~~Brokers~~ A broker shall investigate and attempt to resolve complaints made regarding the practices of any individual licensed to ~~them~~ the broker and shall maintain, with respect to each individual licensed to ~~them~~ the broker, a complaint file containing all material relating to any complaints received in writing for a period of three years.

(d) **Disclosure of listed property information.** A broker may allow any unlicensed person, who is authorized by the broker, to disclose any factual information pertaining to the properties listed with the broker, if the factual information is provided to the unlicensed person in written form by the broker representing or assisting the seller(s).

Sec. 77. **[82.52] ADVERTISING REQUIREMENTS.**

A licensee shall identify himself or herself as either a broker or an agent salesperson in any advertising for the purchase, sale, lease, exchange, mortgaging, transfer, or other disposition of real property, whether the advertising pertains to the licensee's own property or the property of others.

If a salesperson or broker is part of a team or group within the brokerage, the licensee may include the team or group name in the advertising only under the following conditions:

(1) the inclusion of the team or group name is authorized by the primary broker of the brokerage to which the salesperson or broker is licensed; and

(2) the real estate brokerage name is included and more prominently displayed than the team or group name in the advertising.

Sec. 78. **[82.53] REAL ESTATE CLOSING AGENT LICENSING.**

Subdivision 1. **Generally.** The commissioner shall issue a license as a closing agent to a person who qualifies for the license under the terms of this chapter.

Subd. 2. **Qualification of applicants.** An applicant for a real estate closing agent license must be at least 18 years of age at the time of making application for the license.

Subd. 3. **Application for license; contents.** (a) An applicant for a real estate closing agent license shall make an application in the format prescribed by the commissioner. The application must be accompanied by the license fee required by this chapter.

(b) An application for a real estate closing agent license must contain the information required by the commissioner consistent with this chapter.

(c) An application for a real estate closing agent license shall give the applicant's legal name, age, residence address, and the name and place of business of the closing agent.

(d) The commissioner may require further information the commissioner considers appropriate to administer this chapter.

Subd. 4. **Instruction.** An applicant for a real estate closing agent's license must successfully complete a course of study relating to closing services consisting of eight hours of instruction approved by the commissioner.

Subd. 5. **Change of application information.** The commissioner must be notified in the format prescribed by the commissioner of a change of information contained in the license application on file with the commissioner within ten days of the change.

Subd. 6. **Exemption.** The following persons, when acting as closing agents, are exempt from the requirements of sections 82.41 and 82.50 unless otherwise required in this chapter:

(1) a direct employee of a title insurance company authorized to do business in this state, or a direct employee of a title company, or a person who has an agency agreement with a title insurance company or a title company in which the agent agrees to perform closing services on the title insurance company's or title company's behalf and the title insurance company or title company assumes responsibility for the actions of the agent as if the agent were a direct employee of the title insurance company or title company;

(2) a licensed attorney or a direct employee of a licensed attorney;

(3) a licensed real estate broker or salesperson;

(4) a direct employee of a licensed real estate broker if the broker maintains all funds received in connection with the closing services in the broker's trust account;

(5) a bank, trust company, savings association, credit union, industrial loan and thrift company, regulated lender under chapter 56, public utility, or land mortgage or farm loan association organized under the laws of this state or the United States, when engaged in the transaction of businesses within the scope of its corporate powers as provided by law;

(6) a title insurance company authorized to do business in this state; and

(7) a title company that has a contractual agency relationship with a title insurance company authorized to do business in this state, where the title insurance company assumes responsibility for the actions of the title company and its employees or agents as if they were employees or agents of the title insurance company.

Sec. 79. [82.54] OTHER DISCLOSURE REQUIREMENTS.

Subdivision 1. **Agent of broker disclosure.** A salesperson shall only conduct business under the licensed name of and on behalf of the broker to whom the salesperson is licensed. An individual broker shall only conduct business under the brokerage's licensed name. A broker licensed to a business entity shall only conduct business under the licensed business entity name. A licensee shall affirmatively disclose, before the negotiation or consummation of any transaction, the licensed name of the brokerage under whom the licensee is authorized to conduct business according to this section.

Subd. 2. **Financial interests or relative or business associate disclosure; licensee.** (a) Before the negotiation or consummation of any transaction, a licensee shall affirmatively disclose to the owner of real property that the licensee is a real estate broker or agent salesperson, and in what capacity the licensee is acting, if the licensee directly, or indirectly through a third party, purchases for himself or herself or acquires, or intends to acquire, any interest in, or any option to purchase, the owner's property.

(b) When a principal in the transaction is a licensee or a relative or business associate of the licensee, that fact must be disclosed in writing.

Subd. 3. **Material facts.** (a) A licensee shall disclose to a prospective purchaser all material facts of which the licensee is aware, which could adversely and significantly affect an ordinary purchaser's use or enjoyment of the property, or any intended use of the property of which the licensee is aware.

(b) It is not a material fact relating to real property offered for sale the fact or suspicion that the property:

(1) is or was occupied by an owner or occupant who is or was suspected to be infected with human immunodeficiency virus or diagnosed with acquired immunodeficiency syndrome;

(2) was the site of a suicide, accidental death, natural death, or perceived paranormal activity; or

(3) is located in a neighborhood containing any adult family home, community-based residential facility, or nursing home.

(c) A licensee or employee of the licensee has no duty to disclose information regarding an offender who is required to register under section 243.166, or about whom notification is made under that section, if the broker or salesperson, in a timely manner, provides a written notice that information about the predatory offender registry and persons registered with the registry may be obtained by contacting local law enforcement where the property is located or the Department of Corrections.

(d) A licensee or employee of the licensee has no duty to disclose information regarding airport zoning regulations if the broker or salesperson, in a timely manner, provides a written notice that a copy of the airport zoning regulations as adopted can be reviewed or obtained at the office of the county recorder where the zoned area is located.

(e) A licensee is not required to disclose, except as otherwise provided in paragraph (f), information relating to the physical condition of the property or any other information relating to the real estate transaction, if a written report that discloses the information has been prepared by a qualified third party and provided to the person. For the purposes of this paragraph, "qualified third party" means a federal, state, or local governmental agency, or any person whom the broker, salesperson, or a party to the real estate transaction reasonably believes has the expertise necessary to meet the industry standards of practice for the type of inspection or investigation that has been conducted by the third party in order to prepare the written report and who is acceptable to the person to whom the disclosure is being made.

(f) A licensee shall disclose to the parties to a real estate transaction any facts known by the broker or salesperson that contradict any information included in a written report described in paragraph (e), if a copy of the report is provided to the licensee.

(g) The limitation on disclosures in paragraphs (b) and (c) shall modify any common law duties with respect to disclosure of material facts.

Subd. 4. **Nonperformance of party.** If a licensee is put on notice by a party to a real estate transaction that the party will not perform according to the terms of a purchase agreement or other similar written agreement to convey real estate, the licensee shall immediately disclose the fact of that party's intent not to perform to the other party or parties to the transaction. The licensee shall, if reasonably possible, inform the party who will not perform of the licensee's obligation to disclose this fact to the other party or parties to the transaction before making the disclosure. The obligation required by this section does not apply to notice of a party's inability to keep or fulfill any contingency to which the real estate transaction has been made subject.

Sec. 80. Minnesota Statutes 2008, section 82B.05, as amended by Laws 2009, chapter 63, section 62, is amended to read:

82B.05 REAL ESTATE APPRAISER ADVISORY BOARD.

Subdivision 1. **Members.** The Real Estate Appraiser Advisory Board consists of ~~15~~ nine members appointed by the commissioner of commerce. Three of the members must be ~~public members, four must be~~ consumers of appraisal services, of whom one member must be employed in the financial lending industry, and ~~eight~~ six must be real estate appraisers who are currently licensed in good standing, of whom ~~not less than two~~ three members must be ~~trainee real property appraisers, licensed real property appraisers, or certified residential real property appraisers, not less than two~~ and three members must be certified general real property appraisers, and ~~not less than~~ At least one member of the board must be certified by the Appraisal Qualification Board of the Appraisal Foundation to teach the Uniform Standards of Professional Appraisal Practice. The board is governed by section 15.0575.

Subd. 3. **Terms.** The term of office for members is three years.

Upon expiration of their terms, members of the board shall continue to hold office until the appointment and qualification of their successors. No person may serve as a member of the board for more than two consecutive terms. The commissioner may remove a member for cause.

~~Subd. 4. **Practice of public members prohibited.** The public members of the board may not be engaged in the practice of real estate appraising.~~

Subd. 5. **Conduct of meetings.** Places of regular board meetings must be decided by the vote of members. Written notice must be given to each member of the time and place of each meeting of the board at least ten days before the scheduled date of regular board meetings. The board shall establish procedures for emergency board meetings and other operational procedures, subject to the approval of the commissioner.

The members of the board shall elect a chair to preside at board meetings, a vice-chair, and a secretary from among the members to ~~preside at board meetings.~~

A quorum of the board is ~~eight~~ five members.

The board shall meet at least once every ~~six~~ three months as determined by a majority vote of the members or a call of the commissioner.

Subd. 6. **Compensation.** Each member of the board is entitled to a per diem allowance of \$35 for each meeting of the board at which the member is present and for each day or substantial part of a day actually spent in the conduct of the business of the board, plus all appropriate expenses unless a greater amount is authorized by section 15.0575.

Subd. 7. **Enforcement reports.** The commissioner shall, on a regular basis, provide the board with the commissioner's public enforcement data.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 81. Minnesota Statutes 2008, section 82B.06, is amended to read:

82B.06 POWERS OF THE BOARD.

The board shall make recommendations to the commissioner as the commissioner requests or at the board's own initiative on:

(1) rules with respect to each category of licensed real estate appraiser, the type of educational experience, appraisal experience, and equivalent experience that will meet the requirements of this chapter;

(2) examination specifications for each category of licensed real estate appraiser, to assist in providing or obtaining appropriate examination questions and answers, and procedures for grading examinations;

(3) rules with respect to each category of licensed real estate appraiser, the continuing education requirements for the renewal of licensing that will meet the requirements provided in this chapter;

(4) periodic review of the standards for the development and communication of real estate appraisals provided in this chapter and rules explaining and interpreting the standards; and

(5) other matters necessary in carrying out the provisions of this chapter.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 82. Minnesota Statutes 2008, section 82B.14, is amended to read:

82B.14 EXPERIENCE REQUIREMENT.

(a) As a prerequisite for licensing as a licensed real property appraiser, an applicant must present

evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal obtained in no fewer than 12 months.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal obtained in no fewer than 24 months.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal obtained in no fewer than 30 months. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Notwithstanding section 45.22, a college or university real estate course may be approved retroactively by the commissioner for appraiser prelicense education credit if:

(1) the course was offered by a college or university physically located in Minnesota;

(2) the college or university was an approved education provider at the time the course was offered;

(3) the commissioner's approval is made to the same extent in terms of courses and hours and with the same time limits as those specified by the Appraiser Qualifications Board.

(d) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

~~(d)~~ (e) Experience for all classifications must be obtained after January 30, 1989, and must be USPAP compliant.

Sec. 83. Minnesota Statutes 2009 Supplement, section 137.0225, is amended to read:

137.0225 UNIVERSITY PROMISE SCHOLARSHIP.

The Board of Regents may establish a scholarship to help offset the impact of rising tuition for Minnesota students ~~from middle-income families~~. To be eligible for a scholarship under this section, a student must be a Minnesota resident undergraduate from a family ~~that is not Pell Grant eligible~~ with an annual adjusted gross income not to exceed \$100,000.

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

Sec. 84. [137.66] SCHOLARSHIP FUNDING PROGRAM.

As a condition of a license for an arena or stadium location under section 340A.404, subdivision 4a, paragraph (a), clause (3), the University of Minnesota shall deposit at least 75 percent of the net revenue generated through the existence of this license for scholarships under section 137.0225 for Minnesota resident men and women attending the University of Minnesota.

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

Sec. 85. Minnesota Statutes 2008, section 326.3382, subdivision 3, is amended to read:

Subd. 3. **Proof of insurance.** (a) No license may be issued to a private detective or protective agent applicant until the applicant has complied with the requirements in this subdivision.

(b) The applicant shall execute a surety bond to the state of Minnesota in the penal sum of \$10,000 and file it with the board. The surety bond must be executed by a company authorized to do business in the state of Minnesota, must name the applicant as principal, and must state that the applicant and each of the applicant's employees shall faithfully observe all of the laws of Minnesota and of the United States and shall pay all damages suffered by any person by reason of a violation of law by the applicant or by the commission of any willful and malicious wrong by the applicant in the course of business.

(c) The applicant shall furnish proof, acceptable to the board, of the applicant's ability to respond in damages for liability on account of accidents or wrongdoings arising out of the ownership and operation of a private detective or protective agent business. Compliance with paragraph (d), (e), or (f) is satisfactory proof of financial responsibility for purposes of this paragraph.

(d) The applicant may file with the board a certificate of insurance demonstrating coverage for general liability, completed operations, and personal injury. Personal injury insurance must include coverage for:

- (1) false arrest, detention, imprisonment, and malicious prosecution;
- (2) libel, slander, defamation, and violation of rights of privacy; and
- (3) wrongful entry, eviction, and other invasion of rights of private occupancy.

~~The certificate must provide that the insurance may not be modified or canceled unless 30 days prior notice is given to the board. In the event of a policy cancellation, the insurer will send notice to the board at the same time that a cancellation request is received from or a notice is sent to the insured.~~

(e) The applicant may file with the board an annual net worth statement, signed by a licensed certified public accountant, evidencing that the applicant has a net worth of at least the following:

- (1) for an applicant with no employees, \$10,000;
- (2) for an applicant with one to ten employees, \$15,000;
- (3) for an applicant with 11 to 25 employees, \$25,000;
- (4) for an applicant with 26 to 50 employees, \$50,000; or
- (5) for an applicant with 51 or more employees, \$100,000.

Data indicating with which of the above requirements an applicant must comply is public data. The contents of the net worth statement are private data on individuals or nonpublic data, as defined in section 13.02.

(f) The applicant may file with the board an irrevocable letter of credit from a financial institution

acceptable to the board in the amount listed in the appropriate category in paragraph (e).

Sec. 86. Minnesota Statutes 2008, section 326B.33, subdivision 16, is amended to read:

Subd. 16. **Insurance required.** Each contractor shall have and maintain in effect general liability insurance, which includes premises and operations insurance and products and completed operations insurance, with limits of at least \$100,000 per occurrence, \$300,000 aggregate limit for bodily injury, and property damage insurance with limits of at least \$50,000 or a policy with a single limit for bodily injury and property damage of \$300,000 per occurrence and \$300,000 aggregate limits. Such insurance shall be written by an insurer licensed to do business in the state of Minnesota and each contractor shall maintain on file with the commissioner a certificate evidencing such insurance ~~which provides that such insurance shall not be canceled without the insurer first giving 15 days written notice to the commissioner of such cancellation.~~ In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 87. Minnesota Statutes 2009 Supplement, section 326B.46, subdivision 2, is amended to read:

Subd. 2. **Bond; insurance.** Any person contracting to do plumbing work must give bond to the state in the amount of at least \$25,000 for (1) all plumbing work entered into within the state or (2) all plumbing work and subsurface sewage treatment work entered into within the state. If the bond is for both plumbing work and subsurface sewage treatment work, the bond must comply with the requirements of this section and section 115.56, subdivision 2, paragraph (e). The bond shall be for the benefit of persons injured or suffering financial loss by reason of failure to comply with the requirements of the State Plumbing Code and, if the bond is for both plumbing work and subsurface sewage treatment work, financial loss by reason of failure to comply with the requirements of sections 115.55 and 115.56. The bond shall be filed with the commissioner and shall be written by a corporate surety licensed to do business in the state.

In addition, each applicant for a master plumber license or restricted master plumber license, or renewal thereof, shall provide evidence of public liability insurance, including products liability insurance with limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in the state of Minnesota and each licensed master plumber shall maintain on file with the commissioner a certificate evidencing the insurance ~~providing that the insurance shall not be canceled without the insurer first giving 15 days written notice to the commissioner. The term of the insurance shall be concurrent with the term of the license.~~ In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 88. Minnesota Statutes 2008, section 326B.46, is amended by adding a subdivision to read:

Subd. 6. **Well contractor exempt from licensing and bond; conditions.** No license, registration, or bond under sections 326B.42 to 326B.49 is required of a well contractor or a limited well/boring contractor who is licensed and bonded under section 103I.525 or 103I.531 and is engaged in the work or business of installing (1) water service pipe from a well to a pressure tank or a frost-free water hydrant with an antisiphon device which is located entirely outside of a structure requiring potable water, or (2) a temporary shut-off valve on a well water service pipe. For the purposes of this subdivision, "temporary" means a time period not to exceed six months.

This subdivision expires one year after the date of enactment.

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

Sec. 89. Minnesota Statutes 2008, section 326B.56, subdivision 2, is amended to read:

Subd. 2. **Insurance.** (a) Each applicant for a water conditioning contractor or installer license or renewal thereof who is required by any political subdivision to maintain insurance to obtain or maintain the license may comply with any political subdivision's insurance requirement by maintaining the insurance described in paragraph (b). No applicant for a water conditioning contractor or installer license who maintains the insurance described in paragraph (b) shall be otherwise required to meet the insurance requirements of any political subdivision.

(b) The insurance shall provide coverage, including products liability coverage, for all damages in connection with licensed work for which the licensee is liable, with personal damage limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in this state and a certificate evidencing the insurance shall be filed with the commissioner. The insurance must remain in effect at all times while the application is pending and while the license is in effect. ~~The insurance shall not be canceled without the insurer first giving 15 days' written notice to the commissioner.~~ In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 90. Minnesota Statutes 2008, section 326B.86, subdivision 2, is amended to read:

Subd. 2. **Insurance.** Each licensee shall have and maintain in effect commercial general liability insurance, which includes premises and operations insurance and products and completed operations insurance, with limits of at least \$100,000 per occurrence, \$300,000 aggregate limit for bodily injury, and property damage insurance with limits of at least \$25,000 or a policy with a single limit for bodily injury and property damage of \$300,000 per occurrence and \$300,000 aggregate limits. The insurance must be written by an insurer licensed to do business in this state. Each licensee shall maintain on file with the commissioner a certificate evidencing the insurance ~~which provides that the insurance shall not be canceled without the insurer first giving 15 days' written notice of cancellation to the commissioner.~~ In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured. The commissioner may increase the minimum amount of insurance required for any licensee or class of licensees if the commissioner considers it to be in the public interest and necessary to protect the interests of Minnesota consumers.

Sec. 91. Minnesota Statutes 2008, section 326B.921, subdivision 6, is amended to read:

Subd. 6. **Insurance.** In addition to the bond described in subdivision 5, each applicant for a high pressure pipefitting business license or renewal shall have in force public liability insurance, including products liability insurance, with limits of at least \$100,000 per person and \$300,000 per occurrence and property damage insurance with limits of at least \$50,000.

The insurance must be kept in force for the entire term of the high pressure pipefitting business license, and the license shall be suspended by the department if at any time the insurance is not in force.

The insurance must be written by an insurer licensed to do business in the state and shall be in

lieu of any other insurance required by any subdivision of government for high pressure pipefitting. Each person holding a high pressure pipefitting business license shall maintain on file with the department a certificate evidencing the insurance. ~~Any purported cancellation of insurance shall not be effective without the insurer first giving 30 days' written notice to the department.~~ In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 92. Minnesota Statutes 2008, section 327B.04, subdivision 4, is amended to read:

Subd. 4. **License prerequisites.** No application shall be granted nor license issued until the applicant proves to the commissioner that:

(a) the applicant has a permanent, established place of business at each licensed location. An "established place of business" means a permanent enclosed building other than a residence, or a commercial office space, either owned by the applicant or leased by the applicant for a term of at least one year, located in an area where zoning regulations allow commercial activity, and where the books, records and files necessary to conduct the business are kept and maintained. The owner of a licensed manufactured home park who resides in or adjacent to the park may use the residence as the established place of business required by this subdivision, unless prohibited by local zoning ordinance.

If a license is granted, the licensee may use unimproved lots and premises for sale, storage, and display of manufactured homes, if the licensee first notifies the commissioner in writing;

(b) if the applicant desires to sell, solicit or advertise the sale of new manufactured homes, it has a bona fide contract or franchise in effect with a manufacturer or distributor of the new manufactured home it proposes to deal in;

(c) the applicant has secured: (1) a surety bond in the amount of \$20,000 for each agency and each subagency location that bears the applicant's name and the name under which the applicant will be licensed and do business in this state. Each bond is for the protection of consumer customers, and must be executed by the applicant as principal and issued by a surety company admitted to do business in this state. Each bond shall be exclusively for the purpose of reimbursing consumer customers and shall be conditioned upon the faithful compliance by the applicant with all of the laws and rules of this state pertaining to the applicant's business as a dealer or manufacturer, including sections 325D.44, 325F.67 and 325F.69, and upon the applicant's faithful performance of all its legal obligations to consumer customers; and (2) a certificate of liability insurance in the amount of \$1,000,000 that provides aggregate coverage for the agency and each subagency location. In the event of a policy cancellation, the insurer shall send written notice to the commissioner at the same time that a cancellation request is received from or a notice is sent to the insured;

(d) the applicant has established a trust account as required by section 327B.08, subdivision 3, unless the applicant states in writing its intention to limit its business to selling, offering for sale, soliciting or advertising the sale of new manufactured homes; and

(e) the applicant has provided evidence of having had at least two years' prior experience in the sale of manufactured homes, working for a licensed dealer.

Sec. 93. **[332.3351] EXEMPTION FROM LICENSURE.**

A collection agency shall be exempt from the licensing and registration requirements of this

chapter if all of the following conditions are met:

(1) the agency is located in another state that regulates and licenses collection agencies, but does not require a Minnesota collection agency to obtain a license to collect debts in their state if the agency's collection activities are limited in the same manner;

(2) the agency's collection activities are limited to collecting debts not incurred in this state from consumers located in this state; and

(3) the agency's collection activities in Minnesota are conducted by means of interstate communications, including telephone, mail, electronic mail, or facsimile transmission.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 94. Minnesota Statutes 2008, section 332.34, is amended to read:

332.34 BOND.

The commissioner of commerce shall require each collection agency licensee to ~~annually~~ file and maintain in force a corporate surety bond, in a form to be prescribed by, and acceptable to, the commissioner, and in a sum of at least ~~\$20,000~~ \$50,000 plus an additional \$5,000 for each \$100,000 received by the collection agency from debtors located in Minnesota during the previous calendar year, less commissions earned by the collection agency on those collections for the previous calendar year. The total amount of the bond shall not exceed \$100,000. A collection agency may deposit cash in and with a depository acceptable to the commissioner in an amount and in the manner prescribed and approved by the commissioner in lieu of a bond.

EFFECTIVE DATE. This section is effective for bonds obtained or renewed after January 1, 2011.

Sec. 95. Minnesota Statutes 2009 Supplement, section 340A.404, subdivision 4a, is amended to read:

Subd. 4a. **Publicly owned recreation; entertainment facilities.** (a) Notwithstanding any other law, local ordinance, or charter provision, the commissioner may issue on-sale intoxicating liquor licenses:

(1) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Giants Ridge Recreation Area building or recreational improvement area owned by the state in the city of Biwabik, St. Louis County;

(2) to the state agency administratively responsible for, or to an entity holding a concession or facility management contract with such agency for beverage sales at, the premises of any Ironworld Discovery Center building or facility owned by the state at Chisholm;

(3) to the Board of Regents of the University of Minnesota for events at Northrop Auditorium, the intercollegiate football stadium, or at no more than seven other locations within the boundaries of the University of Minnesota, provided that the Board of Regents has approved an application for a license for the specified location and provided that a license for an arena or stadium location is void unless it requires the sale or service of intoxicating liquor ~~throughout the arena or stadium if intoxicating liquor is sold or served anywhere in the arena or stadium~~ in a public portion consisting

of at least one-third of the general seating of a stadium or arena. It is solely within the discretion of the Board of Regents to choose the manner in which to carry out this condition; and

(4) to the Duluth Entertainment and Convention Center Authority for beverage sales on the premises of the Duluth Entertainment and Convention Center Arena during intercollegiate hockey games.

The commissioner shall charge a fee for licenses issued under this subdivision in an amount comparable to the fee for comparable licenses issued in surrounding cities.

(b) No alcoholic beverage may be sold or served at TCF Bank Stadium unless the Board of Regents holds an on-sale intoxicating liquor license for the stadium as provided in paragraph (a), clause (3).

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

Sec. 96. Minnesota Statutes 2008, section 340A.409, subdivision 1, is amended to read:

Subdivision 1. **Insurance required.** (a) No retail license may be issued, maintained or renewed unless the applicant demonstrates proof of financial responsibility with regard to liability imposed by section 340A.801. The issuing authority must submit to the commissioner the applicant's proof of financial responsibility. This subdivision does not prohibit a local unit of government from requiring higher insurance or bond coverages, or a larger deposit of cash or securities. The minimum requirement for proof of financial responsibility may be given by filing:

(1) a certificate that there is in effect for the license period an insurance policy issued by an insurer required to be licensed under section 60A.07, subdivision 4, or by an insurer recognized as an eligible surplus lines carrier pursuant to section 60A.206 or pool providing at least \$50,000 of coverage because of bodily injury to any one person in any one occurrence, \$100,000 because of bodily injury to two or more persons in any one occurrence, \$10,000 because of injury to or destruction of property of others in any one occurrence, \$50,000 for loss of means of support of any one person in any one occurrence, and \$100,000 for loss of means of support of two or more persons in any one occurrence;

(2) a bond of a surety company with minimum coverages as provided in clause (1); or

(3) a certificate of the commissioner of management and budget that the licensee has deposited with the commissioner of management and budget \$100,000 in cash or securities which may legally be purchased by savings banks or for trust funds having a market value of \$100,000.

(b) This subdivision does not prohibit an insurer from providing the coverage required by this subdivision in combination with other insurance coverage.

(c) An annual aggregate policy limit for dram shop insurance of not less than \$300,000 per policy year may be included in the policy provisions.

(d) A liability insurance policy required by this section must provide that it may not be canceled for:

(1) any cause, except for nonpayment of premium, by either the insured or the insurer unless the canceling party has first given ~~30~~ 60 days' notice in writing to the ~~issuing authority~~ insured of intent to cancel the policy; ~~and~~

(2) nonpayment of premium unless the canceling party has first given ten days' notice in writing to the issuing authority insured of intent to cancel the policy; and

(3) in the event of a policy cancellation, the insurer will send notice to the issuing authority at the same time that a cancellation request is received from or a notice is sent to the insured.

Sec. 97. Minnesota Statutes 2008, section 471.61, subdivision 2b, is amended to read:

Subd. 2b. **Insurance continuation.** A unit of local government must allow a former employee and the employee's dependents to continue to participate indefinitely in the employer-sponsored hospital, medical, and dental insurance group that the employee participated in immediately before retirement, under the following conditions:

(a) The continuation requirement of this subdivision applies only to a former employee who is receiving a disability benefit or an annuity from a Minnesota public pension plan other than a volunteer firefighter plan, or who has met age and service requirements necessary to receive an annuity from such a plan.

(b) Until the former employee reaches age 65, the former employee and dependents must be pooled in the same group as active employees for purposes of establishing premiums and coverage for hospital, medical, and dental insurance. However, a former employee under the age of 65 who is enrolled in Medicare Parts A and B due to the former employee's disability and for whom Medicare's obligation to pay claims is primary, and the former employee's dependents, must be pooled in the same group for purposes of this paragraph as former employees who have reached age 65.

(c) A former employee may receive dependent coverage only if the employee received dependent coverage immediately before leaving employment. This subdivision does not require dependent coverage to continue after the death of the former employee. For purposes of this subdivision, "dependent" has the same meaning for former employees as it does for active employees in the unit of local government.

(d) Coverage for a former employee and dependents may not discriminate on the basis of evidence of insurability or preexisting conditions unless identical conditions are imposed on active employees in the group that the employee left.

(e) The former employee must pay the entire premium for continuation coverage, except as otherwise provided in a collective bargaining agreement or personnel policy. A unit of local government may discontinue coverage if a former employee fails to pay the premium within the deadline provided for payment of premiums under federal law governing insurance continuation.

(f) An employer must notify an employee before termination of employment of the options available under this subdivision, and of the deadline for electing to continue to participate.

(g) A former employee must notify the employer of intent to participate within the deadline provided for notice of insurance continuation under federal law. A former employee who does not elect to continue participation does not have a right to reenter the employer's group insurance program.

(h) A former employee who initially selects dependent coverage may later drop dependent coverage while retaining individual coverage. A former employee may not drop individual coverage and retain dependent coverage.

(i) This subdivision does not limit rights granted to former employees under other state or federal law, or under collective bargaining agreements or personnel plans.

(j) Unless otherwise provided by a collective bargaining agreement, if retired employees were not permitted to remain in the active employee group prior to August 1, 1992, a public employer may assess active employees through payroll deduction for all or part of the additional premium costs from the inclusion of retired employees in the active employee group. This paragraph does not apply to employees covered by section 179A.03, subdivision 7.

(k) Notwithstanding section 179A.20, subdivision 2a, insurance continuation under this subdivision may be provided for in a collective bargaining agreement or personnel policy.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to coverage in existence on or after that date.

Sec. 98. Minnesota Statutes 2008, section 514.20, is amended to read:

514.20 SALE.

If any sum secured by such lien be not paid within 90 days after it becomes due, the lienholder may sell the property and out of the proceeds of such sale there shall be paid, first, the disbursements aforesaid; second, all charges against the property paid by such person to any other person; and, third, the total indebtedness then secured by the lien. The remainder, if any, shall be paid on demand to the owner or other person entitled thereto. If the property subject to the lien is a motor vehicle registered in this state and subject to a certificate of title, then the lienholder must provide written notice, by ~~registered~~ certified mail, to all secured creditors listed on the certificate of title 45 days before the lienholder's right to sell the motor vehicle is considered effective. The notice must state the name, address, and telephone number of the lienholder, the amount of money owed, and the rate at which storage charges, if any, are accruing. Costs for ~~registered~~ certified mail and other reasonable costs related to complying with this notice provision constitute "lawful charges" pursuant to section 514.19. Failure to comply with the notice provision in this section renders any lien created by this chapter ineffective against any secured party listed on the certificate of title of the motor vehicle involved.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies to notices mailed on or after that date, provided however that it is also permissible to send notices under this section by registered mail prior to August 1, 2010, and the costs of those notices are lawful charges under this section.

Sec. 99. Laws 2007, chapter 147, article 12, section 14, is amended to read:

Sec. 14. **AGRICULTURAL COOPERATIVE HEALTH PLAN FOR FARMERS.**

Subdivision 1. **Pilot project requirements.** Notwithstanding contrary provisions of Minnesota Statutes, chapter 62H, the following apply to a joint self-insurance pilot project administered by a trust sponsored by one or more agricultural cooperatives organized under Minnesota Statutes, chapter 308A or 308B, or under a federal charter for the purpose of offering health coverage to members of the cooperatives and their families, provided the project satisfies the other requirements of Minnesota Statutes, chapter 62H:

(1) Minnesota Statutes, section 62H.02, paragraph (b), does not apply;

(2) the notice period required under Minnesota Statutes, section 62H.02, paragraph (e), is 90 days;

(3) a joint self-insurance plan may elect to treat the sale of a health plan to or for an employer that has only one eligible employee who has not waived coverage as the sale of an individual health plan as allowed under Minnesota Statutes, section 62L.02, subdivision 26;

(4) Minnesota Statutes, section 297I.05, subdivision 12, paragraph (c), applies; and

(5) the trust must pay the assessment for the Minnesota Comprehensive Health Association as provided under Minnesota Statutes, section 62E.11.

Subd. 2. Evaluation and renewal. The pilot project authorized under this section is for a period of four years from the date of initial enrollment. The commissioner of commerce shall grant an extension of four additional years if the trust provides evidence that it remains in compliance with the requirements of this section and other applicable laws and rules. If the commissioner determines that the operation of the trust has not improved access, expanded health plan choices, or improved the affordability of health coverage for farm families, or that it has significantly damaged access, choice, or affordability for other consumers not enrolled in the trust, the commissioner shall provide at least 180 days' advance written notice to the trust and to the chairs of the senate and house finance and policy committees with jurisdiction over health and insurance of the commissioner's intention not to renew the pilot project at the expiration of a four-year period.

Subd. 3. Use of surplus lines. Plans created under this section may use surplus lines carriers to fulfill its obligations under Minnesota Statutes, chapter 62H.

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

Sec. 100. ON-SALE LICENSE; THEATRE L'HOMME DIEU.

Notwithstanding any law, ordinance, or charter provision to the contrary, Douglas County may issue a wine and intoxicating malt liquor license to Theatre L'Homme Dieu. The license authorizes sales on all days of the week to holders of tickets for performances presented by the theater and to members of the nonprofit corporations holding the license and to their guests.

EFFECTIVE DATE. This section is effective upon approval by the licensing authority in the manner specified by Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 101. 2011 APPOINTMENTS TO REAL ESTATE APPRAISER ADVISORY BOARD.

The terms of all members of the Real Estate Appraiser Advisory Board expire the effective date of this section. The commissioner of commerce shall, as soon as practicable after this date, appoint members to an initial term of office as follows: three years for one consumer of appraisal services member, one certified residential real property appraiser member, and one certified general real property appraiser member; two years for one consumer of appraisal services member, one certified residential real property appraiser member, and one certified general real property appraiser member; and one year for one consumer of appraisal services member, one certified residential real property appraiser member, and one certified general real property appraiser member.

Upon the expiration of the term of office established in this section, the successor must be appointed pursuant to Minnesota Statutes, section 82B.05.

All provisions of Minnesota Statutes, section 82B.05, not inconsistent with this section apply to the initial board appointed pursuant to this section.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 102. COORDINATION OF BENEFITS STUDY.

The commissioner of commerce, in consultation with the commissioner of health and health plan companies, shall consider the appropriateness of adopting the National Association of Insurance Commissioners 2005 Coordination of Benefits Model Regulation. The commissioner shall submit recommendations and draft legislation, if any, needed to implement the recommendations, to the legislature by January 15, 2011.

Sec. 103. SAUK RAPIDS; ON-SALE LICENSE.

Notwithstanding any other law, ordinance, or charter provision to the contrary, the city of Sauk Rapids may issue an on-sale intoxicating liquor license, or an on-sale 3.2 percent malt liquor license, to the owner of an arena located on the Benton County Fairgrounds or to an entity holding a concession contract with the owner for use on the premises of that arena. Any license authorized by this section may be issued for space that is not compact or contiguous, provided that all of the space is within the boundaries of the arena and is included in the description of the licensed premises on the approved license application. A license issued under this section authorizes sales on all days of the week to persons attending activities or events at the arena. All other provisions of Minnesota Statutes, chapter 340A not inconsistent with this section apply to the license authorized under this section.

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

Sec. 104. REPEALER.

Minnesota Statutes 2008, sections 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7, 8, and 9; 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3 and 7; 332.31, subdivision 7; and 332.335, are repealed.

Minnesota Statutes 2009 Supplement, section 65B.133, subdivision 3; and 72B.02, subdivision 11, are repealed.

Minnesota Statutes 2008, section 72B.04, is repealed effective July 1, 2010.

Minnesota Statutes 2008, section 62L.056, is repealed effective January 1, 2012."

Delete the title and insert:

"A bill for an act relating to state government; regulating various licensees and other entities; regulating various insurance coverages and practices; modifying definitions, informational requirements, continuing education requirements, information reporting requirements, and notice requirements; making various housekeeping, technical, and clarifying changes; authorizing certain flexible benefit health plans; regulating insurance continuation provisions for local government employees; regulating securities; reorganizing and modifying various provisions relating to real estate brokers, salespersons, and closing agents; modifying the membership requirements of, and appointment authority to, the real estate appraiser advisory board; regulating certain workers' compensation self-insurers; modifying the eligibility criteria for a University Promise Scholarship;

authorizing and conditioning the issuance of certain on-sale liquor licenses; modifying certain lien notices; requiring a certain study; amending Minnesota Statutes 2008, sections 45.0112; 60A.031, subdivision 4; 60A.084; 60A.204; 60A.36, by adding a subdivision; 60K.31, subdivision 10; 61A.092, subdivision 3; 62A.046, subdivision 6, by adding a subdivision; 62A.17, subdivision 5; 62A.3099, subdivision 17; 62A.65, subdivision 2; 62E.02, subdivision 15; 62E.14, subdivision 4c; 62L.05, subdivision 4; 62S.24, subdivision 8; 62S.266, subdivision 4; 62S.29, subdivision 1; 72A.08, subdivision 4; 72A.12, subdivision 4; 72A.20, subdivisions 10, 36, 37; 72A.492, subdivision 2; 72A.51, subdivision 2; 72B.01; 72B.08, subdivision 8; 79A.03, subdivision 8; 79A.06, subdivision 5; 79A.21, subdivision 3; 80A.41; 80A.46; 80A.65, subdivision 6; 82.17, subdivision 15, by adding subdivisions; 82.19; 82.21, subdivision 2; 82.24, subdivision 3; 82.29, subdivisions 4, 5, 8; 82.31, subdivisions 1, 2; 82.33, subdivisions 1, 2, by adding a subdivision; 82.34, subdivisions 1, 2, 4, 5, 13; 82.39; 82.41, subdivisions 1, 2, by adding a subdivision; 82.45, subdivision 3, by adding subdivisions; 82.48, subdivisions 2, 3; 82B.05, as amended; 82B.06; 82B.14; 326.3382, subdivision 3; 326B.33, subdivision 16; 326B.46, by adding a subdivision; 326B.56, subdivision 2; 326B.86, subdivision 2; 326B.921, subdivision 6; 327B.04, subdivision 4; 332.34; 340A.409, subdivision 1; 471.61, subdivision 2b; 514.20; Minnesota Statutes 2009 Supplement, sections 45.027, subdivision 1; 45.30, subdivision 4; 60A.39, subdivisions 1, 4, 5; 60A.9572, subdivision 6; 60K.361; 62A.3099, subdivision 18; 65A.29, subdivision 13; 72B.03, subdivision 2; 72B.045, subdivision 1; 72B.06; 82.31, subdivision 4; 82.32; 137.0225; 326B.46, subdivision 2; 340A.404, subdivision 4a; Laws 2007, chapter 147, article 12, section 14; proposing coding for new law in Minnesota Statutes, chapters 62L; 82; 137; 332; repealing Minnesota Statutes 2008, sections 62L.056; 72B.04; 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7, 8, 9; 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3, 7; 332.31, subdivision 7; 332.335; Minnesota Statutes 2009 Supplement, sections 65B.133, subdivision 3; 72B.02, subdivision 11."

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

Senate Conferees: Linda Scheid, Sandra Pappas, Geoff Michel

House Conferees: Joe Atkins, Leon Lillie, Joe Hoppe

Senator Scheid moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2839 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2839 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Gerlach	Koch	Marty
Bakk	Dahle	Gimse	Koering	Metzen
Berglin	Dibble	Hann	Kubly	Michel
Betzold	Dille	Higgins	Langseth	Moua
Bonoff	Doll	Ingebrigtsen	Latz	Murphy
Carlson	Fischbach	Johnson	Limmer	Olseen
Chaudhary	Fobbe	Jungbauer	Lourey	Olson, G.
Clark	Foley	Kelash	Lynch	Olson, M.

Ortman
Pappas
Parry
Pogemiller
Prettner Solon

Robling
Rosen
Rummel
Saltzman
Saxhaug

Scheid
Senjem
Sheran
Sieben
Skoe

Skogen
Sparks
Stumpf
Tomassoni
Torres Ray

Vickerman
Wiger

Those who voted in the negative were:

Rest Vandever

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 560 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 560

A bill for an act relating to public safety; authorizing the expungement of criminal records for certain individuals who have received stays of adjudication or diversion; authorizing expungements without petitions in certain cases where charges were dismissed against a person upon prosecutorial approval and with victim notification; requiring persons petitioning for an expungement to provide a copy of the criminal complaint or police report; authorizing the opening of certain expunged records without a court hearing; amending Minnesota Statutes 2008, sections 609A.02, subdivision 3; 609A.03, subdivisions 2, 7; proposing coding for new law in Minnesota Statutes, chapter 609A.

May 14, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 560 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 560 be further amended as follows:

Page 1, line 24, after the period, insert "This clause does not apply to felony-level crimes of violence as defined in section 624.712, subdivision 5, that are codified in chapter 609."

Page 3, lines 23 and 24, delete the new language

Page 3, line 25, reinstate the stricken language and strike "prosecution, or sentencing," and delete "without a"

Page 3, after line 25, insert:

"(2) an expunged record may be opened upon request by a prosecutor, or a probation officer for sentencing purposes, without a court order;"

Page 3, line 26, strike "(2)" and insert "(3)" and after "conviction" insert "or delinquency"

proceeding"

Page 3, line 28, strike "(3)" and insert "(4)" and after "conviction" insert "or delinquency proceeding"

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

Senate Conferees: Ron Latz, Linda Higgins, Julianne Ortman

House Conferees: Bobby Joe Champion, Debra Hilstrom, Tony Cornish

Senator Latz moved that the foregoing recommendations and Conference Committee Report on S.F. No. 560 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 560 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kubly	Olson, M.	Senjem
Bakk	Fobbe	Langseth	Ortman	Sheran
Berglin	Foley	Latz	Pappas	Sieben
Betzold	Gerlach	Limmer	Parry	Skoe
Bonoff	Gimse	Lourey	Pogemiller	Skogen
Carlson	Hann	Lynch	Prettner Solon	Sparks
Chaudhary	Higgins	Marty	Rest	Stumpf
Clark	Ingebrigtsen	Metzen	Robling	Tomassoni
Cohen	Johnson	Michel	Rosen	Torres Ray
Dahle	Jungbauer	Moua	Rummel	Vandeveer
Dibble	Kelash	Murphy	Saltzman	Vickerman
Dille	Koch	Olseen	Saxhaug	Wiger
Doll	Koering	Olson, G.	Scheid	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2725 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2725

A bill for an act relating to public safety; establishing a certification process for multijurisdictional gang and drug task forces; regulating law enforcement criminal gang investigative databases; classifying data received from law enforcement agencies in other states; changing membership of a council; delineating uses of data in the comprehensive incident-based reporting system; restricting the acquisition of cell phone tracking devices; amending Minnesota Statutes 2008, sections 13.82, by adding a subdivision; 299A.641; 299C.091, subdivision 4; 299C.40, subdivision 2; 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 13; 626; 626A.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2725 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2725 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [299A.642] VIOLENT CRIME COORDINATING COUNCIL.

Subdivision 1. **Coordinating council established.** The Violent Crime Coordinating Council is established to provide guidance related to the investigation and prosecution of gang and drug crime. For the purposes of this section, "gang and drug crime" includes violent crimes associated with gang activity.

Subd. 2. **Membership.** The coordinating council shall consist of the following individuals or their designees:

(1) the director of the Office of Special Investigations as the representative of the commissioner of corrections;

(2) the superintendent of the Bureau of Criminal Apprehension as the representative of the commissioner of public safety;

(3) the attorney general;

(4) four chiefs of police, selected by the Minnesota Chiefs of Police Association, of which one must be employed by the city of Minneapolis, one must be employed by the city of St. Paul, one must be employed by a municipality located in the seven-county metropolitan area excluding Minneapolis and St. Paul, and one must be employed in greater Minnesota;

(5) four sheriffs, selected by the Minnesota Sheriffs Association, of which, one must work in Hennepin County, one must work in Ramsey County, one must work in Anoka, Carver, Dakota, Scott, or Washington county, and one must work in greater Minnesota;

(6) the United States attorney for the district of Minnesota;

(7) two county attorneys, selected by the Minnesota County Attorneys Association, one who must work in the seven-county metropolitan area and one who must work in greater Minnesota;

(8) four citizen members appointed by the commissioner of public safety in consultation with representatives from the councils created in sections 3.922, 3.9223, 3.9225, and 3.9226; and

(9) a tribal peace officer, selected by the commissioner of public safety, in consultation with the Minnesota Indian Affairs Council.

The coordinating council shall adopt procedures to govern its conduct as necessary and shall select a chair from among its members. The chair shall serve a two-year term and the appointment of the chair shall alternate between a person who works in greater Minnesota and a person who works in the seven-county metropolitan area.

Subd. 3. **Coordinating council's duties.** The coordinating council shall develop an overall strategy to ameliorate the harm caused to the public by gang and drug crime within the state of Minnesota. Additionally, the coordinating council shall:

(1) subject to approval by the commissioner of public safety, develop an operating procedures and policies manual to investigate gang and drug crime in a multijurisdictional manner;

(2) identify and recommend a candidate or candidates for statewide coordinator to the commissioner of public safety;

(3) assist the Department of Public Safety in developing grant eligibility criteria and operating an objective and conflict-free grant review application process;

(4) make recommendations to the commissioner of public safety to terminate grant funding for multijurisdictional entities if an entity no longer operates in accordance with subdivision 4, or no longer functions in a manner consistent with the best interests of the state or public;

(5) assist in developing a process to collect and share information to improve the investigation and prosecution of gang and drug offenses;

(6) develop and approve an operational budget for the coordinating council;

(7) develop policies that prohibit the improper use of personal characteristics such as race, color, national origin, gender, or religion to target individuals for law enforcement action, prosecution, or forfeiture action; and

(8) subject to approval by the commissioner of public safety, adopt narrowly tailored, objective criteria and identifying characteristics for use in determining whether individuals are or may be members of gangs involved in criminal activity. The council shall review and update the criteria and characteristics adopted under this clause every two years with the objective to ensure effectiveness and relevance to the accurate identification of subjects actively involved in criminal gang activity. As part of its review process, the council shall obtain input from members of communities that are impacted by criminal gang activity. Before adopting any changes under this clause, the council must submit its recommendations to the commissioner of public safety for approval.

Subd. 4. **Duties and authority of commissioner.** (a) The commissioner of public safety shall certify multijurisdictional entities, and their designated fiscal agents, that are established pursuant to this section to combat gang and drug crime and receive grant funding under subdivision 9. To certify an entity and its designated fiscal agent, the commissioner shall require that a multijurisdictional entity:

(1) be subject to the operational command and supervision of one of the participating agencies;

(2) be subject to a biennial operational and financial audit contracted out to an external organization not associated with the multijurisdictional entity and designed to ensure that the entity and its designated fiscal agent are in compliance with applicable legal requirements, proper law

enforcement standards and practices, and effective financial controls;

(3) have adequate staffing and funding to support law enforcement, prosecutorial, and financial operations, including bookkeeping, evidence handling, and inventory recording; and

(4) be subject to any other conditions the commissioner deems necessary to carry out the purposes of this section.

The commissioner may use grant funds authorized under subdivision 9 to pay for costs incurred in conducting audits under clause (2).

(b) A multijurisdictional entity, and its designated fiscal agent, must be certified annually by the commissioner and may not operate under this section unless it is certified. If the commissioner revokes an entity's or fiscal agent's certification, the commissioner may order, for purposes relating to this section, any or all of the following:

(1) dissolution of the entity, its governing boards, or both;

(2) transfer of duties of the entity, its governing boards, or both, to the Department of Public Safety; and

(3) any other action deemed necessary by the commissioner.

Notwithstanding any action taken by the commissioner, any outstanding obligations or liabilities of the entity remain with the entity and the parties of the agreement and do not transfer.

(c) An agreement entered into pursuant to section 471.59 and this section shall provide that the parties to the agreement are subject to the provisions in this subdivision and shall provide for the disposition of property and allocation of obligations upon voluntary or mandated dissolution of the entity or upon termination of the agreement.

(d) Except as provided in section 5, a multijurisdictional entity that is operating on the effective date of this section pursuant to section 299A.641 shall have until December 31, 2010, to be certified under this section.

Subd. 5. **Statewide coordinator.** The commissioner of public safety shall appoint a statewide coordinator. The coordinator serving in the unclassified service shall:

(1) coordinate and monitor all multijurisdictional gang and drug enforcement activities;

(2) facilitate local efforts and ensure statewide coordination with efforts to combat gang and drug crime;

(3) facilitate training for personnel;

(4) monitor compliance with investigative protocols; and

(5) review audits conducted under subdivision 4, take corrective actions based on audit results, and submit a summary report of the audits and any corrective actions to the commissioner of public safety.

Subd. 6. **Participating officers; employment status.** All participating law enforcement officers must be licensed peace officers as defined in section 626.84, subdivision 1, or qualified federal law

enforcement officers as defined in section 626.8453. Participating officers remain employees of the same entity that employed them before joining any multijurisdictional entity established under this section. Participating officers are not employees of the state. Participating officers shall be subject to annual performance reviews conducted by the entity's operational supervisor.

Subd. 7. **Jurisdiction and powers.** Law enforcement officers participating in any multijurisdictional entity established under this section have statewide jurisdiction to conduct criminal investigations and have the same powers of arrest as those possessed by a sheriff.

Subd. 8. **Evidence handling.** A multijurisdictional entity established pursuant to this section shall process all seized cash, physical assets, and evidence through the standard evidence handling procedures established by the participating agencies.

Subd. 9. **Grants authorized.** The commissioner of public safety may make grants to state and local units of government to combat gang and drug crime. When awarding grants, the commissioner shall consider awarding grants under this section to fund community-based gang intervention and prevention efforts for youth.

Subd. 10. **Coordinating council is permanent.** Notwithstanding section 15.059, this section does not expire.

Subd. 11. **Governing board; prosecutor's role.** (a) A multijurisdictional entity established under this section shall create a governing board consisting of the chief law enforcement officer, or designee, from each participating agency, a prosecutor from one of the participating agencies, and up to three additional members selected by the governing board. A governing board shall have no less than six members.

(b) The prosecutor on the governing board shall have the following responsibilities:

(1) to recommend to the governing board the nature and frequency of training for officers assigned to a multijurisdictional entity in order to increase successful prosecutions;

(2) to advise on the lawful handling and processing of seized property and evidence and forfeited property and money; and

(3) to ensure that seizures and forfeitures are reported in accordance with section 609.5315, subdivision 6.

Subd. 12. **Funding.** Participating agencies may accept lawful grants or contributions from any federal source or legal business or entity.

Subd. 13. **Role of attorney general.** The attorney general or a designee shall generally advise on any matters that the coordinating council deems appropriate.

Subd. 14. **Attorney general; community liaison.** (a) The attorney general or a designee shall serve as a liaison between the coordinating council and the councils created in sections 3.922, 3.9223, 3.9225, and 3.9226. The attorney general or designee will be responsible for:

(1) informing the councils of the plans, activities, and decisions and hearing their reactions to those plans, activities, and decisions; and

(2) providing the coordinating council with the position of the councils on the coordinating

council's plan, activities, and decisions.

(b) In no event is the coordinating council required to disclose the names of individuals identified by it to the councils referenced in this subdivision.

(c) Nothing in this subdivision changes the data classification of any data held by the coordinating council.

Subd. 15. **Required reports.** By February 1 of each year, the commissioner of public safety shall submit the following reports 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:

(1) a report containing a summary of all audits conducted on multijurisdictional entities under subdivision 4;

(2) a report on the results of audits conducted on data submitted to the criminal gang investigative data system under section 299C.091; and

(3) a report on the activities and goals of the coordinating council.

Sec. 2. Minnesota Statutes 2008, section 299C.091, subdivision 4, is amended to read:

Subd. 4. **Audit of data submitted to system; reports.** (a) At least once every three years, the bureau shall conduct ~~periodic~~ random audits of data under subdivision 2 that documents inclusion of an individual in, and removal of an individual from, the criminal gang investigative data system for the purpose of determining the validity, completeness, and accuracy of data submitted to the system. The bureau has access to the documenting data for purposes of conducting an audit. By October 1 of each year, the bureau shall submit a report on the results of the audits to the commissioner of public safety.

(b) If any audit requirements under federal rule or statute overlap with requirements in paragraph (a), the audit required by paragraph (a) may be done in conjunction with the federal audit to the extent they overlap. Nothing in this paragraph shall be construed to eliminate any audit requirements specified in this subdivision.

Sec. 3. Minnesota Statutes 2008, section 299C.40, subdivision 2, is amended to read:

Subd. 2. **Purpose.** CIBRS is a statewide system containing data from law enforcement agencies. Data in CIBRS must be made available to law enforcement agencies ~~in order~~ to:

(1) prepare a case against a person, whether known or unknown, for the commission of a crime or other offense for which the agency has investigative authority;

(2) serve process in a criminal case;

(3) inform law enforcement officers of possible safety issues before service of process;

(4) enforce no contact orders;

(5) locate missing persons; or

for purposes of (6) conduct background investigations required by section 626.87.

Sec. 4. Minnesota Statutes 2008, section 609.531, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purpose of sections 609.531 to 609.5318, the following terms have the meanings given them.

(a) "Conveyance device" means a device used for transportation and includes, but is not limited to, a motor vehicle, trailer, snowmobile, airplane, and vessel and any equipment attached to it. The term "conveyance device" does not include property which is, in fact, itself stolen or taken in violation of the law.

(b) "Weapon used" means a dangerous weapon as defined under section 609.02, subdivision 6, that the actor used or had in possession in furtherance of a crime.

(c) "Property" means property as defined in section 609.52, subdivision 1, clause (1).

(d) "Contraband" means property which is illegal to possess under Minnesota law.

(e) "Appropriate agency" means the Bureau of Criminal Apprehension, the Department of Commerce Division of Insurance Fraud Prevention, the Minnesota Division of Driver and Vehicle Services, the Minnesota State Patrol, a county sheriff's department, the Three Rivers Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, the Department of Corrections Fugitive Apprehension Unit, ~~or~~ a city, metropolitan transit, or airport police department; or a multijurisdictional entity established under section 299A.642 or 299A.681.

(f) "Designated offense" includes:

(1) for weapons used: any violation of this chapter, chapter 152, or chapter 624;

(2) for driver's license or identification card transactions: any violation of section 171.22; and

(3) for all other purposes: a felony violation of, or a felony-level attempt or conspiracy to violate, section 325E.17; 325E.18; 609.185; 609.19; 609.195; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.24; 609.245; 609.25; 609.255; 609.282; 609.283; 609.322; 609.342, subdivision 1, clauses (a) to (f); 609.343, subdivision 1, clauses (a) to (f); 609.344, subdivision 1, clauses (a) to (e), and (h) to (j); 609.345, subdivision 1, clauses (a) to (e), and (h) to (j); 609.352; 609.42; 609.425; 609.466; 609.485; 609.487; 609.52; 609.525; 609.527; 609.528; 609.53; 609.54; 609.551; 609.561; 609.562; 609.563; 609.582; 609.59; 609.595; 609.611; 609.631; 609.66, subdivision 1e; 609.671, subdivisions 3, 4, 5, 8, and 12; 609.687; 609.821; 609.825; 609.86; 609.88; 609.89; 609.893; 609.895; 617.246; 617.247; or a gross misdemeanor or felony violation of section 609.891 or 624.7181; or any violation of section 609.324.

(g) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

Sec. 5. **MULTIJURISDICTIONAL GANG AND DRUG STRIKE FORCES.**

A joint powers entity established pursuant to Minnesota Statutes, section 299A.641, before the effective date of this section that included as parties to the joint powers agreement two counties with a population over 500,000 each is dissolved and any governing or advisory board established by the terms of the agreement is also dissolved. All current and future obligations and liabilities of the joint powers entity remain with the parties to the agreement and do not transfer to the state.

For purposes of this section, "population" means the most recent population estimate made by the state demographer under Minnesota Statutes, section 4A.02.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 6. WORK GROUP.

(a) The superintendent of the Bureau of Criminal Apprehension shall convene a work group of stakeholders and interested parties to: (1) discuss issues and laws pertaining to criminal intelligence databases; and (2) make recommendations on proposed legislative changes for the classification, storage, dissemination, and use of criminal investigative data, including data from other states, and for guidelines governing usage and collection of criminal investigative data held by law enforcement agencies. The work group shall be chaired by a representative from the Bureau of Criminal Apprehension and a representative from the Minnesota Coalition on Government Information. The work group must include one representative from each of the following organizations: the Minnesota Sheriffs' Association; the Minnesota Chiefs of Police Association; the Minnesota Police and Peace Officers Association; the American Civil Liberties Union – Minnesota; the Minnesota Newspaper Association; the National Association for the Advancement of Colored People; the councils created in Minnesota Statutes, sections 3.922, 3.9223, 3.9225, and 3.9226; the Board of Public Defense; the Minnesota County Attorneys Association; and the Minnesota City Attorneys Association; and a citizen member who is knowledgeable in data privacy issues. The work group must be balanced between law enforcement and nonlaw enforcement representatives. The work group shall not exceed 20 members, including chairs. In its discussions, the work group shall balance public safety and privacy interests, state policy according to Minnesota Statutes, section 260B.002, oversight, minimization of discretion, and regulation of the collection of these data, including the individualized criteria for inclusion in a computerized gang database.

(b) By February 1, 2011, the work group shall submit an executive summary document to the chairs and ranking minority members of the committees of the senate and house of representatives with jurisdiction over criminal justice and data practices issues. The document must summarize the work group meetings and outline proposed legislative changes to implement recommendations on which there is agreement. The Department of Public Safety shall provide administrative support to the work group.

Sec. 7. REVISOR INSTRUCTION.

The revisor of statutes shall replace references to Minnesota Statutes, section 299A.641, in statutes and rules with a reference to Minnesota Statutes, section 299A.642, and shall make any other changes to statutory cross-references as necessitated by this bill.

Sec. 8. REPEALER.

Minnesota Statutes 2008, section 299A.641, is repealed.

EFFECTIVE DATE. This section is effective December 31, 2010."

Delete the title and insert:

"A bill for an act relating to public safety; establishing a certification process for multijurisdictional gang and drug task forces; establishing a Violent Crime Coordinating Council; modifying criminal gang investigative data system audit requirements; delineating uses of data

in the comprehensive incident-based reporting system; providing for application of forfeiture requirements; establishing a work group; amending Minnesota Statutes 2008, sections 299C.091, subdivision 4; 299C.40, subdivision 2; 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 299A; repealing Minnesota Statutes 2008, section 299A.641."

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

Senate Conferees: Mee Moua, D. Scott Dibble, Patricia Torres Ray, Satveer Chaudhary, Paul Koering

House Conferees: Michael Paymar, Debra Hilstrom, John Lesch, Bobby Joe Champion, Mary Liz Holberg

Senator Moua moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2725 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Limmer moved that the recommendations and Conference Committee Report on S.F. No. 2725 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Limmer motion.

The roll was called, and there were yeas 16 and nays 44, as follows:

Those who voted in the affirmative were:

Fobbe	Ingebrigtsen	Limmer	Parry
Gerlach	Johnson	Michel	Robling
Gimse	Jungbauer	Olseen	Rosen
Hann	Koch	Ortman	Vandev eer

Those who voted in the negative were:

Anderson	Dahle	Latz	Pogemiller	Skoe
Bakk	Dibble	Lourey	Prettner Solon	Skogen
Berglin	Doll	Lynch	Rest	Sparks
Betzold	Foley	Marty	Rummel	Stumpf
Bonoff	Higgins	Metzen	Saltzman	Tomassoni
Carlson	Kelash	Moua	Saxhaug	Torres Ray
Chaudhary	Koering	Murphy	Scheid	Vickerman
Clark	Kubly	Olson, M.	Sheran	Wiger
Cohen	Langseth	Pappas	Sieben	

The motion did not prevail.

The question recurred on the adoption of the Moua motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2725 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 48 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Langseth	Pogemiller	Skoe
Bakk	Dille	Latz	Prettner Solon	Skogen
Berglin	Doll	Lourey	Rest	Sparks
Betzold	Fobbe	Lynch	Robling	Stumpf
Bonoff	Foley	Marty	Rummel	Tomassoni
Carlson	Gimse	Metzen	Saltzman	Torres Ray
Chaudhary	Higgins	Moua	Saxhaug	Vickerman
Clark	Kelash	Murphy	Scheid	Wiger
Cohen	Koering	Olson, M.	Sheran	
Dahle	Kubly	Pappas	Sieben	

Those who voted in the negative were:

Gerlach	Johnson	Limmer	Olson, G.	Rosen
Hann	Jungbauer	Michel	Ortman	Vandever
Ingebrigtsen	Koch	Olseen	Parry	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2642 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2642

A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to laws and statutes; amending Minnesota Statutes 2008, sections 3.7393, subdivision 12; 12A.05, subdivision 3; 13.321, subdivision 10; 13.411, subdivision 5; 13.861, subdivision 2; 16B.24, subdivision 5; 16D.11, subdivision 7; 53C.01, subdivision 12a; 84.797, subdivision 6; 84.803, subdivision 2; 84.8045; 115A.932, subdivision 1; 116.155, subdivision 3; 125A.64, subdivision 6; 126C.55, subdivision 6; 128D.03, subdivision 2; 129C.10, subdivision 8; 136F.61; 168.002, subdivision 13; 168.013, subdivision 1; 169.67, subdivision 1; 190.025, subdivision 3; 214.04, subdivision 1; 216B.1691, subdivision 1; 245A.18, subdivision 2; 256L.04, subdivision 1; 260C.301, subdivision 1; 270.41, subdivision 5; 273.1115, subdivisions 1, 3; 273.124, subdivision 11; 290.0921, subdivision 3a; 297A.61, subdivision 3; 309.72; 325F.675, subdivision 6; 325F.732, subdivision 2; 332.37; 332.40, subdivision 2; 332.52, subdivision 3; 374.02; 469.154, subdivision 3; 473.599, subdivision 8; 490.133; 507.071, subdivision 16; 515B.1-102; Minnesota Statutes 2009 Supplement, sections 16A.126, subdivision 1; 16C.138, subdivision 2; 47.60, subdivisions 4, 6; 53.09, subdivision 2; 69.772, subdivision 6; 116J.401, subdivision 2; 120B.30, subdivisions 1, 2; 122A.60, subdivision 2; 124D.10, subdivisions 3, 8, 14, 15, 23, 25; 152.025; 168.33, subdivision 7; 169.011, subdivision 71; 169.865, subdivision 1; 176.135, subdivision 8; 246B.06, subdivision 7; 256.969, subdivision 3b; 256B.0659, subdivision 3; 256B.5012, subdivision 8; 260C.212, subdivision 7; 270.97; 270C.445, subdivision 7; 299A.61, subdivision 1; 332B.07, subdivisions 1, 4; 332B.09, subdivision 3; 424A.02, subdivision 10; 524.5-701; 571.914, subdivision 4; 626.557, subdivision 20; Laws 2009, chapter 78, article 8, section 22, subdivision 3; Laws 2009, chapter 79, article 10, section 48; Laws 2009, chapter 88, article 5, section 17; Laws 2009, chapter 172, article 1, section 2, subdivision 5; repealing Minnesota Statutes 2008, sections 13.6435, subdivision 9; 15.38, subdivision 5; 168.098; 256B.041, subdivision 5; 256D.03, subdivision 5; Laws 2005, First Special Session chapter 4, article 8, section 87; Laws 2006, chapter 277, article 1, sections 1; 3; Laws 2008, chapter 287,

article 1, section 104; Laws 2008, chapter 300, section 6; Laws 2009, chapter 78, article 4, section 41; Laws 2009, chapter 88, article 6, sections 14; 15; 16; Laws 2009, chapter 169, article 10, section 32; Minnesota Rules, parts 9525.0750; 9525.0760; 9525.0770; 9525.0780; 9525.0790; 9525.0800; 9525.0810; 9525.0820; 9525.0830.

May 13, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2642 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendment.

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

Senate Conferees: Mee Moua, Satveer Chaudhary, Bill Ingebrigtsen, Ann H. Rest, Dan Skogen

House Conferees: Gail Kulick Jackson, Debra Hilstrom, Bobby Joe Champion, Joe Atkins, Paul Kohls

Senator Moua moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2642 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2642 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Fobbe	Latz	Pappas	Skoe
Bakk	Foley	Limmer	Parry	Skogen
Berglin	Gerlach	Lourey	Pogemiller	Sparks
Betzold	Gimse	Lynch	Prettner Solon	Stumpf
Bonoff	Hann	Marty	Rest	Tomassoni
Carlson	Higgins	Metzen	Robling	Torres Ray
Chaudhary	Ingebrigtsen	Michel	Rosen	Vandever
Clark	Johnson	Moua	Rummel	Vickerman
Cohen	Jungbauer	Murphy	Saltzman	Wiger
Dahle	Kelash	Olseen	Saxhaug	
Dibble	Koch	Olson, G.	Scheid	
Dille	Koering	Olson, M.	Sheran	
Doll	Kubly	Ortman	Sieben	

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 445, 2891 and 3379.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 3188.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 3188: A resolution calling on the Congressional Delegation of the Great State of Minnesota to fully support and fund passage of the Agent Orange Equity Act of 2009.

Referred to the Committee on Rules and Administration.

RECESS

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

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

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED**SUSPENSION OF RULES**

Pursuant to Joint Rule 3.01, Senator Pogemiller moved that the requirement of Joint Rule 2.06 that a conference committee not meet between the hours of midnight and 7:00 a.m. be suspended as it relates to the 106th Legislative Day. The motion prevailed.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12, Senator Cohen moved that the following members be excused for a Conference Committee on H.F. No. 3834 at 12:50 a.m.:

Senators Cohen, Stumpf, Berglin, Bakk and Senjem. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 347, Senate File 2510, the omnibus economic development bill with the exception of line item vetoes listed below.

The following items of appropriation are vetoed for the reasons outlined below:

Page 23, lines 23.10 - 23.13: "\$2,000,000 for a grant to the Mountain Iron Economic Development Authority for renewable energy projects." There is currently a process in place for approval of these types of projects involving the Iron Range Resources agency and board. Because this project has not been fully vetted or approved by either of these entities, this appropriation simply should not have been made by the Legislature.

Page 154, lines 154.7 - 154.8: An appropriation of 2.706 cents per ton to the Virginia Regional Medical Center for operating room equipment and renovations. Again, projects of this nature should

be approved by the Iron Range Resources agency and board before they receive funding.

Sincerely,
Tim Pawlenty, Governor

Senator Pogemiller moved that the item veto message of S.F. No. 2510 be laid on the table. The motion prevailed.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

I have vetoed and am returning Chapter 355, Senate File 341.

The bill addresses the categories of individuals who under the law shall be given priority for purposes of determining the disposition of the remains of a deceased person. Currently a person can, by executing a will, designate who shall be empowered to control final disposition of his or her remains. This bill therefore addresses a nonexistent problem.

Similarly, the bill addresses the class of individuals who may present notice of a wrongful death claim to the State of Minnesota or municipalities. Currently, notice of these claims may be made by a personal representative, surviving spouse, or next of kin. Again, a person can currently designate the personal representative responsible for handling his or her estate's affairs via a will.

Finally, the bill adds to the class of individuals that may petition the court to appoint a trustee for purposes of commencing a wrongful death action, as well as who may be a beneficiary of such actions. Wrongful death actions currently may be brought in the name of, and for the benefit of, the surviving spouse and next of kin. "Next of kin" is a precisely-defined class of individuals under the law. The courts do not have discretion in determining this class of blood relatives. Senate File 341 expands this class of individuals who may petition for appointment of a trustee to commence, and recover pursuant to, a wrongful death action to include a "surviving domestic partner." The definition of "domestic partner" included in this bill includes subjective criteria that would ask the court to ascertain whether individuals "have a committed interdependent relationship with each other, intend to continue that relationship indefinitely, and do not have this type of relationship with any other person." A "domestic partner" would be afforded the same legal recognition for purposes of the wrongful death laws as a spouse.

Marriage - defined as between a man and woman - should remain elevated in our society at a special level, as it traditionally has been. I oppose efforts to treat domestic relationships as the equivalent of traditional marriage. Accordingly, I am opposed to this bill.

Sincerely,
Tim Pawlenty, Governor

Senator Pogemiller moved that S.F. No. 341 and the veto message thereon be laid on the table. The motion prevailed.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

I have vetoed and am returning Senate File 3019, Chapter 353. The bill is budget neutral on its face, but achieves this status by reducing spending in areas that may be needed for deficit reduction purposes.

In the immediate aftermath of the Supreme Court opinion in *Brayton vs. Pawlenty*, and at a time when negotiations with the legislature have not yet reached a breakthrough to resolve our budget and cash flow problems, it is unwise to start a new spending program. To pay for that new spending by reducing community service development grants overlook how those grants, and indeed all human service spending, must be fully available for non-transferrable cuts in the closing days of the legislative session.

I am mindful of the underlying value of the PACE program, and am cognizant of the efforts being made in other sections of this bill to aid government-owned nursing homes. These matters are more appropriately addressed after the state budget is balanced.

Sincerely,
Tim Pawlenty, Governor

Senator Pogemiller moved that S.F. No. 3019 and the veto message thereon be laid on the table. The motion prevailed.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

Dear President Metzen:

I have vetoed and am returning Chapter 345, Senate File 271, a bill relating to the expansion of whistleblower protection and defining communication expectations to all decision makers for classified state employees.

This bill may violate the separation of powers between the Legislative and Executive branches of state government. It is an impermissible intrusion into the Executive branch's ability to manage information and personnel.

The new provision in chapter 43A requires a classified state employee to keep information learned from a legislator or legislative staff confidential from the Executive branch. This is in direct conflict with the ability of an agency to direct and manage its employees.

The amended provision in Minnesota Statutes, section 181.932, eliminates the Executive branch's ability to decide who is authorized to speak for an agency. It is reasonable for an agency to direct the flow of information to the Legislature through a designee of the Commissioner. This ensures that information provided by the agency is correct, consistent, and not in violation of the Data Privacy Act.

Moreover, the United States Supreme Court opinion *Garetti vs. Ceballos* states: "Official communications have official consequences, creating a need for substantive consistency and clarity. Supervisors must ensure that their employees' official communications are accurate, demonstrate sound judgment, and promote the employer's mission."

There are sufficient protections and remedies currently in place under Minnesota Statutes, section 181.932, for employees who provide information to government bodies allowing for a private cause of action.

Sincerely,
Tim Pawlenty, Governor

Senator Pogemiller moved that S.F. No. 271 and the veto message thereon be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, herewith returned: S.F. No. 1778.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 560, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 560: A bill for an act relating to public safety; authorizing the expungement of criminal records for certain individuals who have received stays of adjudication or diversion; authorizing expungements without petitions in certain cases where charges were dismissed against a person upon prosecutorial approval and with victim notification; requiring persons petitioning for an expungement to provide a copy of the criminal complaint or police report; authorizing the opening of certain expunged records without a court hearing; amending Minnesota Statutes 2008, sections 609A.02, subdivision 3; 609A.03, subdivisions 2, 7; proposing coding for new law in Minnesota Statutes, chapter 609A.

Senate File No. 560 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2642, and repassed said bill in accordance with the report

of the Committee, so adopted.

S.F. No. 2642: A bill for an act relating to legislation; correcting erroneous, ambiguous, and omitted text and obsolete references; eliminating redundant, conflicting, and superseded provisions; making miscellaneous technical corrections to laws and statutes; amending Minnesota Statutes 2008, sections 3.7393, subdivision 12; 12A.05, subdivision 3; 13.321, subdivision 10; 13.411, subdivision 5; 13.861, subdivision 2; 16B.24, subdivision 5; 16D.11, subdivision 7; 53C.01, subdivision 12a; 84.797, subdivision 6; 84.803, subdivision 2; 84.8045; 115A.932, subdivision 1; 116.155, subdivision 3; 125A.64, subdivision 6; 126C.55, subdivision 6; 128D.03, subdivision 2; 129C.10, subdivision 8; 136F.61; 168.002, subdivision 13; 168.013, subdivision 1; 169.67, subdivision 1; 190.025, subdivision 3; 214.04, subdivision 1; 216B.1691, subdivision 1; 245A.18, subdivision 2; 256L.04, subdivision 1; 260C.301, subdivision 1; 270.41, subdivision 5; 273.1115, subdivisions 1, 3; 273.124, subdivision 11; 290.0921, subdivision 3a; 297A.61, subdivision 3; 309.72; 325F.675, subdivision 6; 325F.732, subdivision 2; 332.37; 332.40, subdivision 2; 332.52, subdivision 3; 374.02; 469.154, subdivision 3; 473.599, subdivision 8; 490.133; 507.071, subdivision 16; 515B.1-102; Minnesota Statutes 2009 Supplement, sections 16A.126, subdivision 1; 16C.138, subdivision 2; 47.60, subdivisions 4, 6; 53.09, subdivision 2; 69.772, subdivision 6; 116J.401, subdivision 2; 120B.30, subdivisions 1, 2; 122A.60, subdivision 2; 124D.10, subdivisions 3, 8, 14, 15, 23, 25; 152.025; 168.33, subdivision 7; 169.011, subdivision 71; 169.865, subdivision 1; 176.135, subdivision 8; 246B.06, subdivision 7; 256.969, subdivision 3b; 256B.0659, subdivision 3; 256B.5012, subdivision 8; 260C.212, subdivision 7; 270.97; 270C.445, subdivision 7; 299A.61, subdivision 1; 332B.07, subdivisions 1, 4; 332B.09, subdivision 3; 424A.02, subdivision 10; 524.5-701; 571.914, subdivision 4; 626.557, subdivision 20; Laws 2009, chapter 78, article 8, section 22, subdivision 3; Laws 2009, chapter 79, article 10, section 48; Laws 2009, chapter 88, article 5, section 17; Laws 2009, chapter 172, article 1, section 2, subdivision 5; repealing Minnesota Statutes 2008, sections 13.6435, subdivision 9; 15.38, subdivision 5; 168.098; 256B.041, subdivision 5; 256D.03, subdivision 5; Laws 2005, First Special Session chapter 4, article 8, section 87; Laws 2006, chapter 277, article 1, sections 1; 3; Laws 2008, chapter 287, article 1, section 104; Laws 2008, chapter 300, section 6; Laws 2009, chapter 78, article 4, section 41; Laws 2009, chapter 88, article 6, sections 14; 15; 16; Laws 2009, chapter 169, article 10, section 32; Minnesota Rules, parts 9525.0750; 9525.0760; 9525.0770; 9525.0780; 9525.0790; 9525.0800; 9525.0810; 9525.0820; 9525.0830.

Senate File No. 2642 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2725, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2725: A bill for an act relating to public safety; establishing a certification process for multijurisdictional gang and drug task forces; regulating law enforcement criminal gang investigative databases; classifying data received from law enforcement agencies in other states; changing membership of a council; delineating uses of data in the comprehensive incident-based

reporting system; restricting the acquisition of cell phone tracking devices; amending Minnesota Statutes 2008, sections 13.82, by adding a subdivision; 299A.641; 299C.091, subdivision 4; 299C.40, subdivision 2; 609.531, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 13; 626; 626A.

Senate File No. 2725 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2839, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2839: A bill for an act relating to commerce; regulating various licensees and other entities; modifying definitions, informational requirements, continuing education requirements, information reporting requirements, and notice requirements; making various housekeeping, technical, and clarifying changes; regulating securities; reorganizing and modifying various provisions relating to real estate brokers, salespersons, and closing agents; modifying the membership requirements of, and appointment authority to, the real estate appraiser advisory board; regulating certain workers' compensation self-insurers; amending Minnesota Statutes 2008, sections 45.0112; 60A.031, subdivision 4; 60A.084; 60A.204; 60A.36, by adding a subdivision; 60K.31, subdivision 10; 61A.092, subdivision 3; 62A.046, subdivision 6, by adding a subdivision; 62A.17, subdivision 5; 62A.3099, subdivision 17; 62A.65, subdivision 2; 62E.02, subdivision 15; 62E.14, subdivision 4c; 62L.05, subdivision 4; 62S.24, subdivision 8; 62S.266, subdivision 4; 62S.29, subdivision 1; 72A.08, subdivision 4; 72A.12, subdivision 4; 72A.20, subdivisions 10, 36, 37; 72A.492, subdivision 2; 72A.51, subdivision 2; 72B.01; 72B.08, subdivision 8; 79A.03, subdivision 8; 79A.06, subdivision 5; 79A.21, subdivision 3; 80A.41; 80A.46; 80A.65, subdivision 6; 82.17, subdivision 15, by adding subdivisions; 82.19; 82.21, subdivision 2; 82.24, subdivision 3; 82.29, subdivisions 4, 5, 8; 82.31, subdivisions 1, 2; 82.33, subdivisions 1, 2, by adding a subdivision; 82.34, subdivisions 1, 2, 4, 5, 13; 82.39; 82.41, subdivisions 1, 2, by adding a subdivision; 82.45, subdivision 3, by adding subdivisions; 82.48, subdivisions 2, 3; 82B.05, as amended; 82B.06; 82B.14; 326.3382, subdivision 3; 326B.33, subdivision 16; 326B.56, subdivision 2; 326B.86, subdivision 2; 326B.921, subdivision 6; 327B.04, subdivision 4; 332.34; 340A.409, subdivision 1; Minnesota Statutes 2009 Supplement, sections 45.027, subdivision 1; 45.30, subdivision 4; 60A.39, subdivisions 1, 4, 5; 60A.9572, subdivision 6; 60K.361; 62A.3099, subdivision 18; 65A.29, subdivision 13; 72B.03, subdivision 2; 72B.045, subdivision 1; 72B.06; 82.31, subdivision 4; 82.32; 326B.46, subdivision 2; Laws 2007, chapter 147, article 12, section 14; proposing coding for new law in Minnesota Statutes, chapters 82; 332; repealing Minnesota Statutes 2008, sections 72B.04; 82.19, subdivision 3; 82.22, subdivisions 1, 6, 7, 8, 9; 82.31, subdivision 6; 82.34, subdivision 16; 82.41, subdivisions 3, 7; 332.31, subdivision 7; 332.335; Minnesota Statutes 2009 Supplement, sections 65B.133, subdivision 3; 72B.02, subdivision 11.

Senate File No. 2839 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1680 and 3787.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 1680: A resolution apologizing on behalf of citizens of the state to all persons with mental illness and developmental and other disabilities who have been wrongfully committed to state institutions.

Senator Pogemiller moved that H.F. No. 1680 be laid on the table. The motion prevailed.

H.F. No. 3787: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2008, sections 118A.05, subdivision 3, as amended; 160.21, subdivision 6, as added; 171.30, subdivision 1, as amended if enacted; 245A.18, subdivision 2; 253B.185, subdivision 1, as amended; 332.70, subdivision 3, as amended; Minnesota Statutes 2009 Supplement, sections 16C.16, subdivision 6a, as amended; 549.09, subdivision 1, as amended; 626.556, subdivision 2, as amended; Laws 2009, chapter 172, article 1, section 2, subdivision 5; Laws 2010, chapter 189, section 21, subdivision 4; 2010 S.F. No. 2510, article 3, section 76, if enacted.

SUSPENSION OF RULES

Senator Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 3787 and that the rules of the Senate be so far suspended as to give H.F. No. 3787 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 3787 was read the second time.

H.F. No. 3787 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

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

Those who voted in the affirmative were:

Anderson
Betzold

Bonoff
Carlson

Clark
Dahle

Dibble
Dille

Doll
Erickson Ropes

Fischbach	Kelash	Michel	Prettner Solon	Skogen
Fobbe	Koch	Moua	Rest	Sparks
Foley	Koering	Murphy	Robling	Tomassoni
Frederickson	Kubly	Olseen	Rosen	Torres Ray
Gerlach	Langseth	Olson, G.	Rummel	Vandever
Gimse	Latz	Olson, M.	Saltzman	Vickerman
Hann	Limmer	Ortman	Saxhaug	Wiger
Higgins	Lourey	Pappas	Scheid	
Ingebrigtsen	Lynch	Pariseau	Sheran	
Johnson	Marty	Parry	Sieben	
Jungbauer	Metzen	Pogemiller	Skoe	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Pogemiller, Chair of the Committee on Rules and Administration, designated S.F. No. 3398 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 3398: A bill for an act relating to campaign finance reporting; requiring reports; requiring disclosure related to independent expenditures; amending Minnesota Statutes 2008, sections 10A.01, subdivision 18, by adding subdivisions; 10A.12, by adding a subdivision; 10A.20, subdivisions 2, 4, 12; 10A.27, by adding subdivisions; 211B.01, subdivision 3; 211B.04; 211B.15, subdivisions 2, 3; 216B.16, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 10A; repealing Minnesota Statutes 2008, section 211B.15, subdivision 12.

Senator Rest moved to amend S.F. No. 3398 as follows:

Page 2, after line 17, insert:

"Sec. 5. Minnesota Statutes 2008, section 10A.12, is amended by adding a subdivision to read:

Subd. 16. **Penalty for noncompliant independent expenditure.** An association that makes an independent expenditure without complying with subdivision 1a is subject to a civil penalty of up to four times the amount of the independent expenditure, but not to exceed \$25,000, except when the violation was intentional."

Page 2, line 28, before "An" insert "(a)"

Page 3, after line 1, insert:

"(b) No other penalty provided in law may be imposed for conduct that is subject to a civil penalty under this section."

Page 3, delete line 2

Page 4, delete section 10 and insert:

"Sec. 10. Minnesota Statutes 2008, section 10A.27, is amended by adding a subdivision to read:

Subd. 15. **Contributions of dues or contribution revenue.** (a) An association may, if not

prohibited by other law, contribute revenue from membership dues or fees, or from contributions received by the association to an independent expenditure political committee or an independent expenditure political fund without complying with section 10A.27, subdivision 13. Before the day when the recipient committee or fund's next report must be filed with the board under section 10A.20, subdivision 2 or 5, an association that has contributed \$5,000 or more in aggregate to independent expenditure political committees or funds during the calendar year must provide in writing to the recipient's treasurer a statement that includes the name, address, and amount attributable to each individual or association that paid the association dues or fees, or made contributions to the association that, in total, aggregate \$1,000 or more of the contribution from the association to the independent expenditure political committee or fund. The statement must also include the total amount of the contribution from individuals or associations not subject to itemization under this section. The statement must be certified as true and correct by an officer of the donor association.

(b) To determine the membership dues or fees, or contributions made by an individual or association that exceed \$1,000 of the contribution made by the donor association to the independent expenditure political committee or fund, the donor association must:

(1) apply a pro rata calculation to all unrestricted dues, fees, and contributions received by the donor association; or

(2) as provided in paragraph (c), identify the specific individuals or associations whose dues, fees, or contributions are included in the contribution to the independent expenditure political committee or fund.

(c) Dues, fees, or contributions from an individual or association must be identified in a contribution to an independent expenditure political committee or fund under paragraph (b), clause (2), if:

(1) the individual or association has specifically authorized the donor association to use the individual's or association's dues, fees, or contributions for this purpose; or

(2) if the individual's or association's dues, fees, or contributions to the donor association are unrestricted and the donor association designates them as the source of the subject contribution to the independent expenditure political committee or fund. After a portion of an individual's or association's dues, fees, or contributions to the donor association have been designated as the source of a contribution to an independent expenditure political committee or fund, that portion of the individual's or association's dues, fees, or contributions to the donor association may not be designated as the source of any other contribution to an independent expenditure political committee or fund.

(d) For the purposes of this section, "donor association" means the association contributing to an independent political expenditure committee or fund that provides a statement under paragraph (a)."

Page 5, line 12, delete everything after "(c)" and insert "No other penalty provided in law may be imposed for conduct that is subject to a civil penalty under this section."

Page 5, delete section 13

Page 7, after line 3, insert:

"Sec. 18. Minnesota Statutes 2008, section 211B.15, is amended by adding a subdivision to read:

Subd. 7a. **Application of penalties.** No penalty may be imposed for a violation of this section that is subject to a civil penalty under section 10A.121."

Page 7, line 8, delete "made for a political purpose, as defined in section 211B.01" and insert "incurred to promote or defeat a candidate for public office or to advocate approval or defeat of a ballot question"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 3398 was read the third time, as amended, and placed on its final passage.

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

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

Those who voted in the affirmative were:

Anderson	Foley	Langseth	Ortman	Sheran
Betzold	Frederickson	Latz	Pappas	Sieben
Bonoff	Gerlach	Limmer	Pariseau	Skoe
Carlson	Gimse	Lourey	Parry	Skogen
Chaudhary	Hann	Lynch	Pogemiller	Sparks
Clark	Higgins	Marty	Prettner Solon	Tomassoni
Dahle	Ingebrigtsen	Metzen	Rest	Torres Ray
Dibble	Johnson	Michel	Robling	Vandever
Dille	Jungbauer	Moua	Rosen	Vickerman
Doll	Kelash	Murphy	Rummel	Wiger
Erickson Ropes	Koch	Olseen	Saltzman	
Fischbach	Koering	Olson, G.	Saxhaug	
Fobbe	Kubly	Olson, M.	Scheid	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pogemiller moved that Senate Resolution No. 198 be taken from the table. The motion prevailed.

Senate Resolution No. 198: A Senate resolution relating to rules; applying certain provisions of permanent rule 7 to unofficial engrossments of House files; prohibiting certain persons from sitting at the committee table; providing for debate on conference committee reports; amending permanent rules 7, 12, and 36.

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

Permanent Rule 7 is amended to read:

7. BUDGET TARGETS

7.1 The Committees on Taxes and on Finance must hold hearings as necessary to determine state

revenues and appropriations for the fiscal biennium.

7.2 At least 15 days before the deadline for divisions of the Committee on Finance to act favorably on omnibus appropriations bills, targets for the general fund budget must be publicly announced.

7.3 The omnibus tax and appropriation bills are:

- (1) the omnibus tax bill;
- (2) the E-12 education appropriations bill;
- (3) the higher education appropriations bill;
- (4) the health and human services appropriations bill;
- (5) the environment, energy, and natural resources appropriations bill;
- (6) the agriculture and veterans appropriations bill;
- (7) the economic development and housing appropriations bill;
- (8) the public safety appropriations bill;
- (9) the judiciary appropriations bill;
- (10) the state government appropriations bill;
- (11) the transportation appropriations bill; and
- (12) the omnibus capital investment bill.

An omnibus appropriation or tax bill may not be divided.

7.4 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will increase net appropriations from a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding increase in net revenue.

7.5 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will reduce net revenue to a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding reduction in net appropriations.

7.6 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will change appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate, or will create or increase the amount of a tax expenditure by reducing appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate.

Permanent Rule 12 is amended by adding a rule to read:

12.12 No Senate committee, division, or subcommittee shall permit any appointed officer or employee of the executive branch, registered lobbyist, or lobbyist principal to be seated at the

committee table with members of the Senate during an official meeting of a committee of the Senate.

Permanent Rule 36 is amended by adding a rule to read:

36.11 Debate on the report of a conference committee is in order at any time after the report has been made available electronically or printed and placed on the desk of each member, or at an earlier time agreed to by a majority of the whole Senate.

Senator Robling moved to amend Senate Resolution No. 198 as follows:

Page 2, after line 19, insert:

"Permanent Rule 12.4 is amended to read:

12.4 A Senate committee, subcommittee, or division shall adjourn no later than 10:00 p.m. each day, unless two-thirds of the members present vote to suspend this requirement. A Senate committee, subcommittee, or division may not meet between the hours of 7:00 a.m. and 1:00 p.m. on a Sunday."

Page 2, after line 24, insert:

"Permanent Rule 13 is amended to read:

13. HOUR OF CONVENING

13.1 If the Senate adjourns without setting a time to reconvene, the Senate shall convene on the next legislative day at 10:00 a.m.

13.2 The Senate may not meet between the hours of 7:00 a.m. and 1:00 p.m. on a Sunday."

Amend the title accordingly

The motion did not prevail. So the amendment was not adopted.

Senator Dille moved to amend Senate Resolution No. 198 as follows:

Page 2, after line 24, insert:

"Permanent Rule 23.4 is amended to read:

23.4 ~~Three members~~ A member may request a roll call vote. The vote must be recorded in the Journal along with the amendment."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend Senate Resolution No. 198 as follows:

Page 2, after line 24, insert:

"Permanent Rule 13 is amended to read:

13. HOUR OF CONVENING

13.1 If the Senate adjourns without setting a time to reconvene, the Senate shall convene on the next legislative day at 10:00 a.m.

13.2 When the Senate is in recess to the call of the President, a call of the Senate may not be imposed less than one hour after notice to return to the Senate has been sent to the members."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 13 and nays 43, as follows:

Those who voted in the affirmative were:

Fischbach	Ingebrigtsen	Limmer	Pariseau	Vandev eer
Gerlach	Jungbauer	Michel	Parry	
Gimse	Koch	Ortman	Robling	

Those who voted in the negative were:

Anderson	Erickson Ropes	Latz	Prettner Solon	Skoe
Betzold	Fobbe	Lourey	Rest	Skogen
Bonoff	Foley	Lynch	Rosen	Sparks
Carlson	Frederickson	Metzen	Rummel	Tomassoni
Clark	Higgins	Moua	Saltzman	Torres Ray
Dahle	Kelash	Olseen	Saxhaug	Vickerman
Dibble	Koering	Olson, G.	Scheid	Wiger
Dille	Kubly	Olson, M.	Sheran	
Doll	Langseth	Pogemiller	Sieben	

The motion did not prevail. So the amendment was not adopted.

Senator Pogemiller moved the adoption of the foregoing resolution, as amended. The motion prevailed. So the resolution, as amended, was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Skoe moved that S.F. No. 1603 be withdrawn from the Committee on State and Local Government Operations and Oversight and returned to its author. The motion prevailed.

RECESS

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

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

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Marty moved that his name be stricken as chief author, shown as a co-author and the name of Senator Stumpf be added as chief author to S.F. No. 1907. The motion prevailed.

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2072.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 2072: A bill for an act relating to education finance; updating a reference; amending Minnesota Statutes 2008, section 126C.05, subdivision 2.

SUSPENSION OF RULES

Senator Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 2072 and that the rules of the Senate be so far suspended as to give H.F. No. 2072 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 2072 was read the second time.

Senator Stumpf moved to amend H.F. No. 2072 as follows:

Page 1, after line 4, insert:

"Section 1. Minnesota Statutes 2008, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state

standard of evaluation (HOUSSE).

All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:

(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;

(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;

(3) description of teaching experience in the teachers' core subject area in a public school under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;

(4) test results from the ~~Praxis II~~ subject area content test;

(5) evidence of advanced certification from the National Board for Professional Teaching Standards;

(6) evidence of the successful completion of course work or pedagogy courses; and

(7) evidence of the successful completion of high quality professional development activities.

Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.

(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

H.F. No. 2072 was read the third time, as amended, and placed on its final passage.

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

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Frederickson	Johnson	Langseth
Betzold	Doll	Gerlach	Jungbauer	Latz
Bonoff	Erickson Ropes	Gimse	Kelash	Limmer
Carlson	Fischbach	Hann	Koch	Lourey
Clark	Fobbe	Higgins	Koering	Lynch
Dahle	Foley	Ingebrigtsen	Kubly	Marty

Metzen
Michel
Moua
Murphy
Olseen
Olson, G.

Olson, M.
Pappas
Pariseau
Parry
Pogemiller
Prettner Solon

Rest
Robling
Rosen
Rummel
Saltzman
Saxhaug

Scheid
Senjem
Sheran
Sieben
Skoe
Skogen

Stumpf
Vickerman
Wiger

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2634 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2634

A bill for an act relating to public safety; making numerous changes to the controlled substance forfeiture law; expanding the reporting requirements related to forfeiture; requiring model policies on forfeiture; addressing the disposition of forfeiture proceeds; providing for a probable cause determination for certain forfeitures; amending Minnesota Statutes 2008, sections 97A.221, by adding a subdivision; 97A.223, by adding a subdivision; 97A.225, by adding a subdivision; 169A.63, by adding a subdivision; 491A.01, subdivision 3; 609.531, subdivisions 1a, 5, 5a, by adding a subdivision; 609.5311, subdivision 3; 609.5313; 609.5314; 609.5315, subdivisions 5, 6, by adding a subdivision; 609.5318, subdivision 3; 609.762, by adding a subdivision; 609.905, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 84.7741, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 388; 626.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2634 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2634 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2009 Supplement, section 84.7741, is amended by adding a subdivision to read:

Subd. 13. **Reporting.** The appropriate agency and prosecuting authority shall report on forfeitures occurring under this section as described in section 609.5315, subdivision 6.

Sec. 2. Minnesota Statutes 2008, section 97A.221, is amended by adding a subdivision to read:

Subd. 5. **Reporting.** The appropriate agency and prosecuting authority shall report on forfeitures of firearms, bows, and motor vehicles occurring under this section as described in section 609.5315,

subdivision 6.

Sec. 3. Minnesota Statutes 2008, section 97A.223, is amended by adding a subdivision to read:

Subd. 6. **Reporting.** The appropriate agency and prosecuting authority shall report on forfeitures of firearms, bows, and motor vehicles occurring under this section as described in section 609.5315, subdivision 6.

Sec. 4. Minnesota Statutes 2008, section 97A.225, is amended by adding a subdivision to read:

Subd. 10. **Reporting.** The appropriate agency and prosecuting authority shall report on forfeitures occurring under this section as described in section 609.5315, subdivision 6.

Sec. 5. Minnesota Statutes 2008, section 169A.63, is amended by adding a subdivision to read:

Subd. 12. **Reporting.** The appropriate agency and prosecuting authority shall report on forfeitures occurring under this section as described in section 609.5315, subdivision 6.

Sec. 6. Minnesota Statutes 2008, section 491A.01, subdivision 3, is amended to read:

Subd. 3. **Jurisdiction; general.** (a) Except as provided in subdivisions 4 and 5, the conciliation court has jurisdiction to hear, conciliate, try, and determine civil claims if the amount of money or property that is the subject matter of the claim does not exceed \$6,000 or, on and after July 1, 1994, : (1) \$7,500, or; (2) \$4,000, if the claim involves a consumer credit transaction; or (3) \$15,000, if the claim involves money or personal property subject to forfeiture under section 609.5311, 609.5312, 609.5314, or 609.5318. "Consumer credit transaction" means a sale of personal property, or a loan arranged to facilitate the purchase of personal property, in which:

(1) credit is granted by a seller or a lender who regularly engages as a seller or lender in credit transactions of the same kind;

(2) the buyer is a natural person;

(3) the claimant is the seller or lender in the transaction; and

(4) the personal property is purchased primarily for a personal, family, or household purpose and not for a commercial, agricultural, or business purpose.

(b) Except as otherwise provided in this subdivision and subdivisions 5 to 10, the territorial jurisdiction of conciliation court is coextensive with the county in which the court is established. The summons in a conciliation court action under subdivisions 6 to 10 may be served anywhere in the state, and the summons in a conciliation court action under subdivision 7, paragraph (b), may be served outside the state in the manner provided by law. The court administrator shall serve the summons in a conciliation court action by first class mail, except that if the amount of money or property that is the subject of the claim exceeds \$2,500, the summons must be served by the plaintiff by certified mail, and service on nonresident defendants must be made in accordance with applicable law or rule. Subpoenas to secure the attendance of nonparty witnesses and the production of documents at trial may be served anywhere within the state in the manner provided by law.

When a court administrator is required to summon the defendant by certified mail under this paragraph, the summons may be made by personal service in the manner provided in the Rules of Civil Procedure for personal service of a summons of the district court as an alternative to service

by certified mail.

Sec. 7. Minnesota Statutes 2008, section 609.531, subdivision 4, is amended to read:

Subd. 4. **Seizure.** (a) Property subject to forfeiture under sections 609.531 to 609.5318 may be seized by the appropriate agency upon process issued by any court having jurisdiction over the property. Property may be seized without process if:

- (1) the seizure is incident to a lawful arrest or a lawful search;
- (2) the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding under this chapter; or
- (3) the appropriate agency has probable cause to believe that the delay occasioned by the necessity to obtain process would result in the removal or destruction of the property and that:
 - (i) the property was used or is intended to be used in commission of a felony; or
 - (ii) the property is dangerous to health or safety.

If property is seized without process under item (i), the county attorney must institute a forfeiture action under section 609.5313 as soon as is reasonably possible.

(b) When property is seized, the officer must provide a receipt to the person found in possession of the property; or in the absence of any person, the officer must leave a receipt in the place where the property was found, if reasonably possible.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to seizures conducted on or after that date.

Sec. 8. Minnesota Statutes 2008, section 609.531, subdivision 5, is amended to read:

Subd. 5. **Right to possession vests immediately; custody of seized property.** All right, title, and interest in property subject to forfeiture under sections 609.531 to 609.5318 vests in the appropriate agency upon commission of the act or omission giving rise to the forfeiture. Any property seized under sections 609.531 to 609.5318 is not subject to replevin, but is deemed to be in the custody of the appropriate agency subject to the orders and decrees of the court having jurisdiction over the forfeiture proceedings. When property is so seized, the appropriate agency shall use reasonable diligence to secure the property and prevent waste and may do any of the following:

- (1) place the property under seal;
- (2) remove the property to a place designated by it; and
- (3) in the case of controlled substances, require the state Board of Pharmacy to take custody of the property and remove it to an appropriate location for disposition in accordance with law; and
- ~~(4) take other steps reasonable and necessary to secure the property and prevent waste.~~

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to seized property in possession on or after that date.

Sec. 9. Minnesota Statutes 2008, section 609.531, subdivision 5a, is amended to read:

Subd. 5a. **Bond by owner for possession.** (a) If the owner of property that has been seized under sections 609.531 to 609.5318 seeks possession of the property before the forfeiture action is determined, the owner may, ~~subject to the approval of the appropriate agency,~~ give security or post bond payable to the appropriate agency in an amount equal to the retail value of the seized property. On posting the security or bond, the seized property must be returned to the owner and the forfeiture action shall proceed against the security as if it were the seized property. This subdivision does not apply to contraband property or property being held for investigatory purposes.

(b) If the owner of a motor vehicle that has been seized under this section seeks possession of the vehicle before the forfeiture action is determined, the owner may surrender the vehicle's certificate of title in exchange for the vehicle. The motor vehicle must be returned to the owner within 24 hours if the owner surrenders the motor vehicle's certificate of title to the appropriate agency, pending resolution of the forfeiture action. If the certificate is surrendered, the owner may not be ordered to post security or bond as a condition of release of the vehicle. When a certificate of title is surrendered under this provision, the agency shall notify the Department of Public Safety and any secured party noted on the certificate. The agency shall also notify the department and the secured party when it returns a surrendered title to the motor vehicle owner.

Sec. 10. Minnesota Statutes 2008, section 609.531, is amended by adding a subdivision to read:

Subd. 7. **Petition for remission or mitigation.** Prior to the entry of a court order disposing with the forfeiture action, any person who has an interest in forfeited property may file with the county attorney a petition for remission or mitigation of the forfeiture. The county attorney may remit or mitigate the forfeiture upon terms and conditions the county attorney deems reasonable if the county attorney finds that: (1) the forfeiture was incurred without willful negligence or without any intention on the part of the petitioner to violate the law; or (2) extenuating circumstances justify the remission or mitigation of the forfeiture.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 11. Minnesota Statutes 2008, section 609.531, is amended by adding a subdivision to read:

Subd. 8. **Forfeiture policies; statewide model policy required.** (a) By December 1, 2010, the Peace Officer Standards and Training Board, after consulting with the Minnesota County Attorneys Association, the Minnesota Sheriffs' Association, the Minnesota Chiefs of Police Association, and the Minnesota Police and Peace Officers Association, shall develop a model policy that articulates best practices for forfeiture and is designed to encourage the uniform application of forfeiture laws statewide. At a minimum, the policy shall address the following:

- (1) best practices in pursuing, seizing, and tracking forfeitures;
- (2) type and frequency of training for law enforcement on forfeiture laws; and
- (3) situations in which forfeitures should not be pursued.

(b) By December 1, 2010, the Minnesota County Attorneys Association, after consulting with the attorney general, the Peace Officer Standards and Training Board, the Minnesota Sheriffs' Association, the Minnesota Chiefs of Police Association, and the Minnesota Police and Peace Officers Association, shall develop a model policy that articulates best practices for forfeiture and is designed to encourage the uniform application of forfeiture laws statewide. At a minimum, the policy shall address the following:

- (1) statutory role of prosecutors in forfeiture procedures;
- (2) best practices for timely and fair resolution of forfeiture cases;
- (3) type and frequency of training for prosecutors on forfeiture laws; and
- (4) situations in which forfeitures should not be pursued.

(c) By December 1, 2010, the Minnesota County Attorneys Association and the Peace Officer Standards and Training Board shall forward an electronic copy of its respective model policy to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice and civil law policy.

(d) By March 1, 2011, the chief law enforcement officer of every state and local law enforcement agency and every prosecution office in the state shall adopt and implement a written policy on forfeiture that is identical or substantially similar to the model policies developed under paragraphs (a) and (b). The written policy shall be made available to the public upon request.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 609.5311, subdivision 3, is amended to read:

Subd. 3. Limitations on forfeiture of certain property associated with controlled substances.

(a) A conveyance device is subject to forfeiture under this section only if the retail value of the controlled substance is ~~\$25~~ \$75 or more and the conveyance device is associated with a felony-level controlled substance crime.

(b) Real property is subject to forfeiture under this section only if the retail value of the controlled substance or contraband is ~~\$1,000~~ \$2,000 or more.

(c) Property used by any person as a common carrier in the transaction of business as a common carrier is subject to forfeiture under this section only if the owner of the property is a consenting party to, or is privy to, the use or intended use of the property as described in subdivision 2.

(d) Property is subject to forfeiture under this section only if its owner was privy to the use or intended use described in subdivision 2, or the unlawful use or intended use of the property otherwise occurred with the owner's knowledge or consent.

(e) Forfeiture under this section of a conveyance device or real property encumbered by a bona fide security interest is subject to the interest of the secured party unless the secured party had knowledge of or consented to the act or omission upon which the forfeiture is based. A person claiming a security interest bears the burden of establishing that interest by clear and convincing evidence.

(f) Forfeiture under this section of real property is subject to the interests of a good faith purchaser for value unless the purchaser had knowledge of or consented to the act or omission upon which the forfeiture is based.

(g) Notwithstanding paragraphs (d), (e), and (f), property is not subject to forfeiture based solely on the owner's or secured party's knowledge of the unlawful use or intended use of the property if: (1) the owner or secured party took reasonable steps to terminate use of the property by the offender; or (2) the property is real property owned by the parent of the offender, unless the parent

actively participated in, or knowingly acquiesced to, a violation of chapter 152, or the real property constitutes proceeds derived from or traceable to a use described in subdivision 2.

(h) The Department of Corrections Fugitive Apprehension Unit shall not seize a conveyance device or real property, for the purposes of forfeiture under paragraphs (a) to (g).

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 13. Minnesota Statutes 2008, section 609.5313, is amended to read:

609.5313 FORFEITURE BY JUDICIAL ACTION; PROCEDURE.

(a) The forfeiture of property under sections 609.5311 and 609.5312 is governed by this section. A separate complaint must be filed against the property stating the act, omission, or occurrence giving rise to the forfeiture and the date and place of the act or occurrence. Within 60 days from when the seizure occurs, the county attorney shall notify the owner or possessor of the property of the action, if known or readily ascertainable. The action must be captioned in the name of the county attorney or the county attorney's designee as plaintiff and the property as defendant. Upon motion by the county attorney, a court may extend the time period for sending notice for a period not to exceed 90 days for good cause shown.

(b) If notice is not sent in accordance with paragraph (a), and no time extension is granted or the extension period has expired, the appropriate agency shall return the property to the person from whom the property was seized, if known. An agency's return of property due to lack of proper notice does not restrict the right of the agency to commence a forfeiture proceeding at a later time. The agency shall not be required to return contraband or other property that the person from whom the property was seized may not legally possess.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 14. Minnesota Statutes 2008, section 609.5314, subdivision 2, is amended to read:

Subd. 2. **Administrative forfeiture procedure.** (a) Forfeiture of property described in subdivision 1 that does not exceed \$50,000 in value is governed by this subdivision. Within 60 days from when seizure occurs, ~~or within a reasonable time after that,~~ all persons known to have an ownership, possessory, or security interest in seized property must be notified of the seizure and the intent to forfeit the property. In the case of a motor vehicle required to be registered under chapter 168, notice mailed by certified mail to the address shown in Department of Public Safety records is deemed sufficient notice to the registered owner. The notification to a person known to have a security interest in seized property required under this paragraph applies only to motor vehicles required to be registered under chapter 168 and only if the security interest is listed on the vehicle's title. Upon motion by the appropriate agency or county attorney, a court may extend the time period for sending notice for a period not to exceed 90 days for good cause shown.

(b) Notice may otherwise be given in the manner provided by law for service of a summons in a civil action. The notice must be in writing and contain:

(1) a description of the property seized;

(2) the date of seizure;

(3) notice of the right to obtain judicial review of the forfeiture and of the procedure for obtaining that judicial review, printed in English, Hmong, Somali, and Spanish. Substantially the following language must appear conspicuously: ~~"IF YOU DO NOT DEMAND JUDICIAL REVIEW EXACTLY AS PRESCRIBED IN MINNESOTA STATUTES, SECTION 609.5314, SUBDIVISION 3, YOU LOSE THE RIGHT TO A JUDICIAL DETERMINATION OF THIS FORFEITURE AND YOU LOSE ANY RIGHT YOU MAY HAVE TO THE ABOVE DESCRIBED PROPERTY. YOU MAY NOT HAVE TO PAY THE FILING FEE FOR THE DEMAND IF DETERMINED YOU ARE UNABLE TO AFFORD THE FEE. IF THE PROPERTY IS WORTH \$7,500 OR LESS, YOU MAY FILE YOUR CLAIM IN CONCILIATION COURT. YOU DO NOT HAVE TO PAY THE CONCILIATION COURT FILING FEE IF THE PROPERTY IS WORTH LESS THAN \$500."~~ "If you do not demand judicial review exactly as prescribed in Minnesota Statutes, section 609.5314, subdivision 3, you lose the right to a judicial determination of this forfeiture and you lose any right you may have to the above described property. You may not have to pay the filing fee for the demand if determined you are unable to afford the fee. If the property is worth \$15,000 or less, you may file your claim in conciliation court. You do not have to pay the conciliation court filing fee if the property is worth less than \$500."

(c) If notice is not sent in accordance with paragraph (a), and no time extension is granted or the extension period has expired, the appropriate agency shall return the property to the person from whom the property was seized, if known. An agency's return of property due to lack of proper notice does not restrict the right of the agency to commence a forfeiture proceeding at a later time. The agency shall not be required to return contraband or other property that the person from whom the property was seized may not legally possess.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 15. Minnesota Statutes 2008, section 609.5314, subdivision 3, is amended to read:

Subd. 3. **Judicial determination.** (a) Within 60 days following service of a notice of seizure and forfeiture under this section, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the county attorney for that county, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is \$7,500 or less, the claimant may file an action in conciliation court for recovery of the seized property. If the value of the seized property is less than \$500, the claimant does not have to pay the conciliation court filing fee. No responsive pleading is required of the county attorney and no court fees may be charged for the county attorney's appearance in the matter. The hearing must be held at the earliest practicable date, and in any event no later than 180 days following the filing of the demand by the claimant. If a related criminal proceeding is pending, the hearing shall not be held until the conclusion of the criminal proceedings. The district court administrator shall schedule the hearing as soon as practicable after adjudication in the criminal prosecution. The proceedings are governed by the Rules of Civil Procedure.

(b) The complaint must be captioned in the name of the claimant as plaintiff and the seized property as defendant, and must state with specificity the grounds on which the claimant alleges the

property was improperly seized and the plaintiff's interest in the property seized. Notwithstanding any law to the contrary, an action for the return of property seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(c) If the claimant makes a timely demand for judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under section 609.531, subdivision 6a. The limitations and defenses set forth in section 609.5311, subdivision 3, apply to the judicial determination.

(d) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized property, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order sanctions under section 549.211. If the court orders payment of these costs, they must be paid from forfeited money or proceeds from the sale of forfeited property from the appropriate law enforcement and prosecuting agencies in the same proportion as they would be distributed under section 609.5315, subdivision 5.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 16. Minnesota Statutes 2008, section 609.5315, subdivision 1, is amended to read:

Subdivision 1. **Disposition.** (a) Subject to paragraph (b), if the court finds under section 609.5313, 609.5314, or 609.5318 that the property is subject to forfeiture, it shall order the appropriate agency to do one of the following:

(1) unless a different disposition is provided under clause (3) or (4), either destroy firearms, ammunition, and firearm accessories that the agency decides not to use for law enforcement purposes under clause (8), or sell them to federally licensed firearms dealers, as defined in section 624.7161, subdivision 1, and distribute the proceeds under subdivision 5 or 5b;

(2) sell property that is not required to be destroyed by law and is not harmful to the public and distribute the proceeds under subdivision 5 or 5b;

(3) sell antique firearms, as defined in section 624.712, subdivision 3, to the public and distribute the proceeds under subdivision 5 or 5b;

(4) destroy or use for law enforcement purposes semiautomatic military-style assault weapons, as defined in section 624.712, subdivision 7;

(5) take custody of the property and remove it for disposition in accordance with law;

(6) forward the property to the federal drug enforcement administration;

(7) disburse money as provided under subdivision 5 or 5b; or

(8) keep property other than money for official use by the agency and the prosecuting agency.

(b) Notwithstanding paragraph (a), the Hennepin or Ramsey County sheriff may not sell firearms, ammunition, or firearm accessories if the policy is disapproved by the applicable county board.

(c) If property is sold under paragraph (a), the appropriate agency shall not sell property to an officer or employee of the agency that seized the property or to a person related to the officer or employee by blood or marriage.

(d) Sales of forfeited property under this section must be conducted in a commercially reasonable manner.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 17. Minnesota Statutes 2008, section 609.5315, subdivision 2, is amended to read:

Subd. 2. **Disposition of administratively forfeited property.** If property is forfeited administratively under section 609.5314 or 609.5318 and no demand for judicial determination is made, the appropriate agency shall provide the county attorney with a copy of the forfeiture or evidence receipt, the notice of seizure and intent to forfeit, a statement of probable cause for forfeiture of the property, and a description of the property and its estimated value. Upon review and certification by the county attorney that (1) the appropriate agency provided a receipt in accordance with section 609.531, subdivision 4, or 626.16; (2) the appropriate agency served notice in accordance with section 609.5314, subdivision 2, or 609.5318, subdivision 2; and (3) probable cause for forfeiture exists based on the officer's statement, the appropriate agency may dispose of the property in any of the ways listed in subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2010, and applies to offenses committed on or after that date.

Sec. 18. Minnesota Statutes 2008, section 609.5315, subdivision 6, is amended to read:

Subd. 6. **Reporting requirement.** (a) For each forfeiture occurring in the state regardless of the authority for it, the appropriate agency and the prosecutor shall provide a written record of each the forfeiture incident to the state auditor. The record shall include the amount forfeited, the statutory authority for the forfeiture, its date, and a brief description of the circumstances involved, and whether the forfeiture was contested. For controlled substance and driving while impaired forfeitures, the record shall indicate whether the forfeiture was initiated as an administrative or a judicial forfeiture. The record shall also list the number of firearms forfeited and the make, model, and serial number of each firearm forfeited. The record shall indicate how the property was or is to be disposed of.

(b) An appropriate agency or the prosecutor shall report to the state auditor all instances in which property seized for forfeiture is returned to its owner either because forfeiture is not pursued or for any other reason.

(c) Reports shall be made on a monthly basis in a manner prescribed by the state auditor. The state auditor shall report annually to the legislature on the nature and extent of forfeitures.

(d) For forfeitures resulting from the activities of multijurisdictional law enforcement entities, the entity on its own behalf shall report the information required in this subdivision.

(e) The prosecutor is not required to report information required by this subdivision unless the prosecutor has been notified by the state auditor that the appropriate agency has not reported it.

Sec. 19. Minnesota Statutes 2008, section 609.762, is amended by adding a subdivision to read:

Subd. 6. **Reporting.** The law enforcement and prosecuting agencies shall report on forfeitures occurring under this section as described in section 609.5315, subdivision 6.

Sec. 20. Minnesota Statutes 2008, section 609.905, is amended by adding a subdivision to read:

Subd. 3. **Reporting.** The prosecuting authority shall report on forfeitures occurring under this section as described in section 609.5315, subdivision 6.

Sec. 21. **DEVELOPMENT OF ADMINISTRATIVE FORFEITURE NOTICE LANGUAGE.**

The commissioner of public safety, in consultation with the executive director of the Peace Officer Standards and Training Board and the Minnesota County Attorneys Association, shall recommend modifications to the notice language described in Minnesota Statutes, sections 84.7741, subdivision 8, paragraph (c), clause (3); 169A.63, subdivision 8, paragraph (c), clause (3); and 609.5314, subdivision 2, paragraph (b), clause (3). By January 15, 2011, the commissioner shall submit the recommended language to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice and civil law policy."

Delete the title and insert:

"A bill for an act relating to public safety; making numerous changes to the forfeiture law; expanding the reporting requirements related to forfeiture; requiring model policies on forfeiture; requiring officers to give forfeiture receipts upon seizure of property; implementing timelines for forfeiture notice and hearings; placing a cap on the value of property that may be forfeited administratively; authorizing petitions for remission and mitigation of seized property; requiring certification by prosecutor before property may be forfeited administratively; prohibiting sale of forfeited property to law enforcement officers, employees, and family members; amending Minnesota Statutes 2008, sections 97A.221, by adding a subdivision; 97A.223, by adding a subdivision; 97A.225, by adding a subdivision; 169A.63, by adding a subdivision; 491A.01, subdivision 3; 609.531, subdivisions 4, 5, 5a, by adding subdivisions; 609.5311, subdivision 3; 609.5313; 609.5314, subdivisions 2, 3; 609.5315, subdivisions 1, 2, 6; 609.762, by adding a subdivision; 609.905, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 84.7741, by adding a subdivision."

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

Senate Conferees: Mee Moua, Linda Higgins, Ron Latz

House Conferees: Joe Mullery, Debra Hilstrom, Tony Cornish

Senator Moua moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2634 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2634 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson	Foley	Langseth	Ortman	Senjem
Betzold	Frederickson	Latz	Pappas	Sheran
Bonoff	Gerlach	Limmer	Pariseau	Sieben
Carlson	Gimse	Lourey	Parry	Skoe
Chaudhary	Hann	Lynch	Pogemiller	Skogen
Clark	Higgins	Marty	Prettner Solon	Sparks
Dahle	Ingebrigtsen	Metzen	Rest	Tomassoni
Dibble	Johnson	Michel	Robling	Torres Ray
Dille	Jungbauer	Moua	Rosen	Vandever
Doll	Kelash	Murphy	Rummel	Vickerman
Erickson Ropes	Koch	Olseen	Saltzman	Wiger
Fischbach	Koering	Olson, G.	Saxhaug	
Fobbe	Kubly	Olson, M.	Scheid	

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 2900 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 2900

A bill for an act relating to natural resources; modifying aquaculture provisions; modifying disposal restrictions for certain livestock taken by wild animals; modifying provisions for taking, possessing, and transporting wild animals; modifying requirements for fish and wildlife management plans; modifying game and fish provisions; modifying game and fish license requirements and fees for youths; increasing certain fishing license fees; modifying certain requirements for invasive species control; modifying certain administrative accounts; modifying electronic transaction provisions; providing for certain registration exemptions; modifying all-terrain vehicle definitions; modifying all-terrain vehicle operation restrictions; modifying state trails and canoe and boating routes; modifying fees and disposition of certain receipts; modifying certain competitive bidding exemptions; modifying horse trail pass provisions; modifying beaver dam provisions; modifying the Water Law; modifying nongame wildlife check offs; modifying method of determining value of acquired stream easements; providing for certain historic property exemption; modifying adding to and deleting from state parks and state forests; authorizing public and private sales, conveyances, and exchanges of certain state land; providing exemptions from rulemaking and requiring rulemaking; providing criminal penalties; appropriating money; amending Minnesota Statutes 2008, sections 17.4982, subdivision 12, by adding a subdivision; 17.4991, subdivision 3; 17.4994; 35.82, subdivision 2; 84.025, subdivision 9; 84.027, subdivision 15; 84.0272, subdivision 2; 84.0856; 84.0857; 84.82, subdivision 3, by adding a subdivision; 84.92, subdivisions 9, 10; 84.922, subdivision 5, by adding a subdivision; 84.925, subdivision 1; 84.942, subdivision 1; 84D.03, subdivision 3; 84D.13, subdivision 3; 85.012, subdivision 40; 85.015, subdivision 14; 85.22, subdivision 5; 85.32, subdivision 1; 85.43; 85.46, as amended; 86B.101; 89.032, subdivision 2; 97A.015, subdivision 52, by adding a subdivision; 97A.055, subdivision 4b; 97A.101, subdivision 3; 97A.145, subdivision 2; 97A.311, subdivision 5; 97A.331, by adding subdivisions; 97A.420, subdivisions 2, 3, 4, 6, by adding a subdivision; 97A.421, subdivision 4a, by adding a subdivision; 97A.433, by adding a subdivision; 97A.435, subdivision 1; 97A.445, subdivision 5; 97A.451, subdivision 3; 97A.475, subdivisions 3a, 4, 43, 44; 97A.535, subdivision 2a; 97A.545, subdivision 5; 97B.015; 97B.020; 97B.021, subdivision 1; 97B.022,

subdivision 2; 97B.031, subdivision 5; 97B.045, by adding a subdivision; 97B.075; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 3, 6; 97B.325; 97B.405; 97B.515, by adding a subdivision; 97B.601, subdivision 4; 97B.665, subdivision 2; 97B.711, by adding a subdivision; 97B.803; 97C.005, subdivision 3; 97C.087, subdivision 2; 97C.205; 97C.341; 103A.305; 103G.271, subdivision 3; 103G.285, subdivision 5; 103G.301, subdivision 6; 103G.305, subdivision 2; 103G.315, subdivision 11; 103G.515, subdivision 5; 290.431; 290.432; Minnesota Statutes 2009 Supplement, sections 84.928, subdivision 1; 84.95, subdivision 2; 85.015, subdivision 13; 86A.09, subdivision 1; 97A.075, subdivision 1; 97A.445, subdivision 1a; 97A.451, subdivision 2; 97A.475, subdivisions 2, 3; 97B.055, subdivision 3; 97C.395, subdivision 1; 103G.201; Laws 2008, chapter 368, article 1, section 34, as amended; Laws 2009, chapter 176, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 85; 97B; 97C; 103G; repealing Minnesota Statutes 2008, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.942, subdivisions 2, 3, 4; 97A.435, subdivision 5; 97A.451, subdivisions 3a, 4; 97A.485, subdivision 12; 97B.022, subdivision 1; 97B.511; 97B.515, subdivision 3; 97B.665, subdivision 1; 97C.346; 103G.295; 103G.650; Minnesota Statutes 2009 Supplement, sections 3.3006; 84.02, subdivisions 4a, 6a, 6b; Laws 2009, chapter 172, article 5, section 8.

May 15, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 2900 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 2900 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GAME AND FISH

Section 1. Minnesota Statutes 2008, section 17.4982, is amended by adding a subdivision to read:

Subd. 10a. **Fish collector.** "Fish collector" means an individual who has been certified under section 17.4989 to oversee the collection of fish samples from a facility or a water body for disease testing by a certified laboratory.

Sec. 2. Minnesota Statutes 2008, section 17.4982, subdivision 12, is amended to read:

Subd. 12. **Fish health inspection.** (a) "Fish health inspection" means an on-site, statistically based sampling, collection, and testing of fish in accordance with processes in the Fish Health Blue Book for all lots of fish in a facility or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE) to test for causative pathogens. The samples for inspection must be collected by a fish health inspector or a fish collector in cooperation with the

producer. Testing of samples must be done by an approved laboratory.

(b) The inspection for viral hemorrhagic septicemia (VHS), infectious pancreatic necrosis (IPN), and infectious hematopoietic necrosis (IHN) in salmonids and for VHS in nonsalmonids must include at least a minimum viral testing of ovarian fluids at the 95 percent confidence level of detecting two percent incidence of disease (ovarian fluids must be sampled for certification of viral hemorrhagic septicemia and infectious hematopoietic necrosis). Bacterial diseases must be sampled at the 95 percent confidence level with a five percent incidence of disease. The inspection must be performed by a fish health inspector in cooperation with the producer with subsequent examination of the collected tissues and fluids for the detection of certifiable diseases.

(c) The inspection for certifiable diseases for wild fish must follow the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

Sec. 3. [17.4989] FISH SAMPLE COLLECTING.

Subdivision 1. **Training.** Fish collector training may be offered by any organization or agency that has had its class and practicum syllabus approved by the commissioner. The class and practicum must include the following components:

(1) accurate identification of licensed water bodies listed according to section 17.4984 and ensuring that collection is taking place at the correct site;

(2) identification of fish internal organs;

(3) fish dissection and sample preparation as identified by the Department of Natural Resources based on specific testing requirements or as outlined in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE);

(4) recording and reporting data;

(5) sample preparation and shipping;

(6) a field collection site test to demonstrate mastery of the necessary skills, overseen by a certified fish health inspector; and

(7) a certificate of successful completion signed by a certified fish health inspector on a form provided by the commissioner.

Subd. 2. **Certification time period.** Fish collector certification is valid for five years and is not transferable. A person may renew certification only by successfully completing certification training. Certification shall be revoked if the certified person is convicted of violating any of the statutes or rules governing testing for aquatic species diseases. Certification may be suspended during an investigation associated with misconduct or violations of fish health testing and collection. The commissioner shall notify the person that certification is being revoked or suspended.

Subd. 3. **Conflict of interest.** A fish collector may not oversee the collection of fish from a facility or a water body when the collector has a conflict of interest in connection with the outcome of the testing.

Sec. 4. Minnesota Statutes 2008, section 17.4991, subdivision 3, is amended to read:

Subd. 3. **Fish health inspection.** (a) An aquatic farm propagating ~~trout, salmon,~~ salmonids or catfish and having an effluent discharge from the aquatic farm into public waters must have a fish health inspection conducted at least once every 12 months by a certified fish health inspector. Testing must be conducted according to approved the Fish Health Blue Book laboratory methods.

(b) An aquatic farm propagating any species on the viral hemorrhagic septicemia (VHS) susceptible list and having an effluent discharge from the aquatic farm into public waters must test for VHS virus using the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE). The commissioner may, by written order published in the State Register, prescribe alternative testing time periods and methods from those prescribed in the Fish Health Blue Book or the OIE Diagnostic Manual if the commissioner determines that biosecurity measures will not be compromised. These alternatives are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner must provide reasonable notice to affected parties of any changes in testing requirements.

(c) Results of fish health inspections must be provided to the commissioner for all fish that remain in the state. All data used to prepare and issue a fish health certificate must be maintained for three years by the issuing fish health inspector, approved laboratory, or accredited veterinarian.

(d) A health inspection fee must be charged based on each lot of fish sampled. The fee by check or money order payable to the Department of Natural Resources must be prepaid or paid at the time a bill or notice is received from the commissioner that the inspection and processing of samples is completed.

~~(e)~~ (e) Upon receipt of payment and completion of inspection, the commissioner shall notify the operator and issue a fish health certificate. The certification must be made according to the Fish Health Blue Book by a person certified as a fish health inspector.

~~(d)~~ (f) All aquatic life in transit or held at transfer stations within the state may be inspected by the commissioner. This inspection may include the collection of stock for purposes of pathological analysis. Sample size necessary for analysis will follow guidelines listed in the Fish Health Blue Book.

~~(e)~~ (g) Salmonids and catfish must have a fish health inspection before being transported from a containment facility, unless the fish are being transported directly to an outlet for processing or other food purposes or unless the commissioner determines that an inspection is not needed. A fish health inspection conducted for this purpose need only be done on the lot or lots of fish that will be transported. The commissioner must conduct a fish health inspection requested for this purpose within five working days of receiving written notice. Salmonids and catfish may be immediately transported from a containment facility to another containment facility once a sample has been obtained for a health inspection or once the five-day notice period has expired.

Sec. 5. Minnesota Statutes 2008, section 17.4994, is amended to read:

17.4994 SUCKER EGGS.

Sucker eggs may be taken from public waters with a sucker egg license endorsement, ~~which authorizes sucker eggs to be taken at a rate of one quart of eggs for each 1 1/2 acres of licensed surface waters except that for intensive culture systems, sucker eggs may be taken at a rate of two~~

quarts per 1,000 muskellunge fry being reared for the fee prescribed in section 97A.475, subdivision 29. The Taking of sucker eggs from public waters is subject to chapter 97C and may be supervised by the commissioner. The commissioner may limit the amount of sucker eggs that a person with a sucker egg license endorsement may take based on the number of sucker eggs taken historically by the licensee, new requests for eggs, and the condition of the spawning runs at those historical streams and rivers that have produced previous annual quotas.

Sec. 6. Minnesota Statutes 2008, section 35.82, subdivision 2, is amended to read:

Subd. 2. **Disposition of carcasses.** (a) Except as provided in subdivision 1b and ~~paragraph~~ paragraphs (d) and (f), every person owning or controlling any domestic animal that has died or been killed otherwise than by being slaughtered for human or animal consumption, shall as soon as reasonably possible bury the carcass at a depth adequate to prevent scavenging by other animals in the ground or thoroughly burn it or dispose of it by another method approved by the board as being effective for the protection of public health and the control of livestock diseases. The board, through its executive director, may issue permits to owners of rendering plants located in Minnesota which are operated and conducted as required by law, to transport carcasses of domestic animals and fowl that have died, or have been killed otherwise than by being slaughtered for human or animal consumption, over the public highways to their plants for rendering purposes in accordance with the rules adopted by the board relative to transportation, rendering, and other provisions the board considers necessary to prevent the spread of disease. The board may issue permits to owners of rendering plants located in an adjacent state with which a reciprocal agreement is in effect under subdivision 3.

(b) Carcasses collected by rendering plants under permit may be used for pet food or mink food if the owner or operator meets the requirements of subdivision 1b.

(c) An authorized employee or agent of the board may enter private or public property and inspect the carcass of any domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption. Failure to dispose of the carcass of any domestic animal within the period specified by this subdivision is a public nuisance. The board may petition the district court of the county in which a carcass is located for a writ requiring the abatement of the public nuisance. A civil action commenced under this paragraph does not preclude a criminal prosecution under this section. No person may sell, offer to sell, give away, or convey along a public road or on land the person does not own, the carcass of a domestic animal when the animal died or was killed other than by being slaughtered for human or animal consumption unless it is done with a special permit pursuant to this section. The carcass or parts of a domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption may be transported along a public road for a medical or scientific purpose if the carcass is enclosed in a leakproof container to prevent spillage or the dripping of liquid waste. The board may adopt rules relative to the transportation of the carcass of any domestic animal for a medical or scientific purpose. A carcass on a public thoroughfare may be transported for burial or other disposition in accordance with this section.

No person who owns or controls diseased animals shall negligently or willfully permit them to escape from that control or to run at large.

(d) A sheep producer may compost sheep carcasses owned by the producer on the producer's land without a permit and is exempt from compost facility specifications contained in rules of the board.

(e) The board shall develop best management practices for dead animal disposal and the Pollution Control Agency feedlot program shall distribute them to livestock producers in the state.

(f) Paragraph (a) does not apply to livestock killed by wild animals or domestic dogs and the carcass is out-of-sight of the public, and will be used to attract the offending predators back to the kill site.

Sec. 7. Minnesota Statutes 2008, section 84.942, subdivision 1, is amended to read:

Subdivision 1. **Preparation.** The commissioner of natural resources shall prepare a ~~comprehensive fish and wildlife management plan~~ plans designed to accomplish the policy of section 84.941. ~~The comprehensive fish and wildlife management plan shall include a strategic plan as outlined in subdivision 2. The strategic plan must be completed by July 1, 1986. The management plan must also include the long range and operational plans as described in subdivisions 3 and 4. The management plan must be completed by July 1, 1988.~~

Sec. 8. Minnesota Statutes 2009 Supplement, section 84.95, subdivision 2, is amended to read:

Subd. 2. **Purposes and expenditures.** Money from the reinvest in Minnesota resources fund may only be spent for the following fish and wildlife conservation enhancement purposes:

(1) development and implementation of the ~~comprehensive fish and wildlife management plan~~ plans under section 84.942;

(2) implementation of the reinvest in Minnesota reserve program established by section 103F.515;

(3) soil and water conservation practices to improve water quality, reduce soil erosion and crop surpluses;

(4) enhancement or restoration of fish and wildlife habitat on lakes, streams, wetlands, and public and private forest lands;

(5) acquisition and development of public access sites and recreation easements to lakes, streams, and rivers for fish and wildlife oriented recreation;

(6) matching funds with government agencies, federally recognized Indian tribes and bands, and the private sector for acquisition and improvement of fish and wildlife habitat;

(7) research and surveys of fish and wildlife species and habitat;

(8) enforcement of natural resource laws and rules;

(9) information and education;

(10) implementing the aspen recycling program under section 88.80 and for other forest wildlife management projects; and

(11) necessary support services to carry out these purposes.

Sec. 9. Minnesota Statutes 2008, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) ~~The Taking of~~ wild animals from infested waters for bait or aquatic farm purposes is prohibited, except as provided in paragraph (b) and

section 97C.341.

(b) In waters that are designated as infested waters, except those designated because they contain prohibited invasive species of fish or certifiable diseases of fish as defined in section 17.4982, subdivision 6, the taking of wild animals may be permitted for:

(1) commercial taking of wild animals for bait and aquatic farm purposes according to a permit issued under section 84D.11, subject to rules adopted by the commissioner; and

(2) bait purposes for noncommercial personal use in waters that contain Eurasian water milfoil, when the infested waters are designated solely because they contain Eurasian water milfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length.

(c) Equipment and gear authorized for minnow harvest in a designated infested water by permit issued under paragraph (b) may not be transported to, or used in, any waters other than waters specified in the permit.

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

Sec. 10. [84D.105] COMMERCIAL DOCK AND BOAT LIFT INSTALLERS; INVASIVE SPECIES TRAINING REQUIRED.

An individual installing or removing docks or boat lifts for a fee on more than one lake shall attend at least one hour of training during the previous 36 months on the identification and methods to prevent the spread of invasive species, if a training session is conducted within 50 miles of the individual's place of business and the cost does not exceed \$10. A person conducting invasive species training of dock and boat lift installers, as provided in this section, must be approved for invasive species training by the commissioner. A person conducting invasive species training of dock and boat lift installers shall issue a certificate of training to an individual who attends invasive species training for at least one hour. The certificate shall include the name, address, and phone number of the person conducting the training, the location of the training, the date and time of the training, the name of the individual receiving the training, and the name of the business employing the installer, if applicable. An individual who is required to have training under this section shall have a valid certificate of training in possession while the individual is installing or removing docks or boat lifts.

Sec. 11. Minnesota Statutes 2008, section 84D.11, subdivision 2a, is amended to read:

Subd. 2a. **Harvest of bait from infested waters.** The commissioner may issue a permit to allow the harvest of bait:

(1) from waters that are designated as infested waters, except those designated because they contain prohibited invasive species of fish or certifiable diseases of fish as defined in section 17.4982, subdivision 6; and

(2) from infested waters as allowed under section 97C.341, paragraph (c).

The permit shall include conditions necessary to avoid spreading aquatic invasive species. Before receiving a permit, a person annually must satisfactorily complete aquatic invasive species-related training provided by the commissioner.

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

Sec. 12. Minnesota Statutes 2008, section 84D.13, subdivision 3, is amended to read:

Subd. 3. **Criminal penalties.** (a) A person who violates a provision of ~~section~~ sections 84D.06, 84D.07, 84D.08, or to 84D.10, or a rule adopted under section 84D.12, is guilty of a misdemeanor.

(b) A person who possesses, transports, or introduces a prohibited invasive species in violation of section 84D.05 is guilty of a misdemeanor. A person who imports, purchases, sells, or propagates a prohibited invasive species in violation of section 84D.05 is guilty of a gross misdemeanor.

(c) A person who refuses to obey an order of a peace officer or conservation officer to remove prohibited invasive species or aquatic macrophytes from any watercraft, trailer, or plant harvesting equipment is guilty of a gross misdemeanor.

Sec. 13. Minnesota Statutes 2008, section 97A.015, subdivision 52, is amended to read:

Subd. 52. **Unprotected birds.** "Unprotected birds" means English sparrow, blackbird, starling, magpie, cormorant, common pigeon, Eurasian collared dove, chukar partridge, quail other than bobwhite quail, and mute swan.

Sec. 14. Minnesota Statutes 2008, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight subcommittees.** (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons:

(1) a Fisheries Operations Subcommittee to review fisheries funding, excluding activities related to trout and salmon stamp and walleye stamp funding;

(2) a Wildlife Operations Subcommittee to review wildlife funding, excluding activities related to migratory waterfowl, pheasant, and wild turkey management funding and excluding review of the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c);

(3) a Big Game Subcommittee to review the report required in subdivision 4, paragraph (a), clause (2);

(4) an Ecological Resources Subcommittee to review ecological services funding;

(5) a subcommittee to review game and fish fund funding of enforcement and operations support;

(6) a subcommittee to review the trout and salmon stamp report and address funding issues related to trout and salmon;

(7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl;

(8) a subcommittee to review the report on the pheasant stamp and address funding issues related to pheasants;

(9) a subcommittee to review the report on the wild turkey management account and address funding issues related to wild turkeys; ~~and~~

(10) a subcommittee to review the walleye stamp and address funding issues related to walleye stocking; and

(11) a subcommittee to review trapping license revenue and expenditures and trapping issues.

(c) The chairs of each of the subcommittees shall form a Budgetary Oversight Committee to coordinate the integration of the subcommittee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; provide a forum to address issues that transcend the subcommittees; and submit a report for any subcommittee that fails to submit its report in a timely manner.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) Each subcommittee shall choose its own chair, except that the chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of any of the subcommittees.

(f) The Budgetary Oversight Committee must make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the Budgetary Oversight Committee and subcommittees do not expire until June 30, ~~2010~~ 2011.

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

Sec. 15. Minnesota Statutes 2008, section 97A.101, subdivision 3, is amended to read:

Subd. 3. **Fishing may not be restricted.** Seasons or methods of taking fish other than minnows may not be restricted under this section.

Sec. 16. Minnesota Statutes 2008, section 97A.145, subdivision 2, is amended to read:

Subd. 2. **Acquisition procedure.** (a) Lands purchased or leased under this section must be acquired in accordance with this subdivision.

(b) The commissioner must notify the county board and the town officers where the land is located and furnish them a description of the land to be acquired. The county board must approve or disapprove the proposed acquisition within 90 days after being notified. The commissioner may extend the time up to 30 days. The soil and water conservation district supervisors shall counsel the county board on drainage and flood control and the best utilization and capability of the land.

(c) If the county board approves the acquisition within the prescribed time, the commissioner

may acquire the land.

(d) If the county board disapproves the acquisition, it must state valid reasons. The commissioner may not purchase or lease the land if the county board disapproves the acquisition and states its reasons within the prescribed time period. The landowner or the commissioner may appeal the disapproval to the district court having jurisdiction where the land is located.

(e) For acquisitions north of U.S. Highway 2, the commissioner or the owner of the land may submit the proposed acquisition to the Land Exchange Board if: (1) the county board does not give reason for disapproval, or does not approve or disapprove the acquisition within the prescribed time period; or (2) the court finds that the disapproval is arbitrary and capricious, or that the reasons stated for disapproval are invalid.

(f) For acquisitions south of U.S. Highway 2, the commissioner or the owner of the land may submit the proposed acquisition to the Land Exchange Board if: (1) the county board does not give reason for disapproval, or does not approve or disapprove the acquisition within the prescribed time period; or (2) the commissioner or the owner finds that the disapproval is arbitrary and capricious, that the reasons stated for disapproval are invalid, or that the acquisition is in the public interest.

~~(f)~~ (g) The Land Exchange Board must conduct a hearing and make a decision on the acquisition within 60 days after receiving the proposal. The Land Exchange Board must give notice of the hearing to the county board, the commissioner, the landowner, and other interested parties. The Land Exchange Board must consider the interests of the county, the state, and the landowner in determining whether the acquisition is in the public interest. If a majority of the Land Exchange Board members approves the acquisition, the commissioner may acquire the land. If a majority disapproves, the commissioner may not purchase or lease the land.

Sec. 17. Minnesota Statutes 2008, section 97A.311, subdivision 5, is amended to read:

Subd. 5. **Refunds.** (a) The commissioner may issue a refund on a license, not including any issuing fees paid under section 97A.485, subdivision 6, if the request is received within 90 days of the original license purchase and:

(1) the licensee dies before the opening of the licensed season. The original license and a copy of the death certificate must be provided to the commissioner;

(2) the licensee is unable to participate in the licensed activity because the licensee is called to active military duty or military leave is canceled during the entire open season of the licensed activity. The original license and a copy of the military orders or notice of cancellation of leave must be provided to the commissioner; ~~or~~

(3) the licensee purchased two licenses for the same license season in error; or

(4) the licensee was not legally required to purchase the license to participate in the activity.

(b) This subdivision does not apply to lifetime licenses.

Sec. 18. Minnesota Statutes 2008, section 97A.331, subdivision 4, is amended to read:

Subd. 4. **Taking and possessing big game out of season.** (a) A person that takes or illegally possesses big game during the closed season is guilty of a gross misdemeanor. The restitution value for a trophy deer taken or illegally possessed during the closed season is according to paragraphs

(b) to (d).

(b) The restitution value for trophy deer shall be determined based on the animal's trophy score. The trophy score for deer shall be determined using the scoring system developed by the Boone and Crockett Club.

(c) For typical trophy deer, the following restitution values, based on the Boone and Crockett Club score, are:

- (1) 135 or over and less than 160, \$2,000;
- (2) 160 or over and less than 180, \$3,000;
- (3) 180 or over and less than 200, \$4,000; and
- (4) 200 or over, \$5,000.

(d) For nontypical trophy deer, the following restitution values, based on the Boone and Crockett Club score, are:

- (1) 160 or over and less than 185, \$2,000;
- (2) 185 or over and less than 205, \$3,000;
- (3) 205 or over and less than 225, \$4,000; and
- (4) 225 or over, \$5,000.

Sec. 19. Minnesota Statutes 2008, section 97A.331, is amended by adding a subdivision to read:

Subd. 4b. **Hunting big game while under revocation.** Notwithstanding section 97A.421, subdivision 7, a person who takes big game during the time the person is prohibited from obtaining a license to take big game under section 97A.421 is guilty of a gross misdemeanor.

Sec. 20. Minnesota Statutes 2008, section 97A.345, is amended to read:

97A.345 RESTITUTION VALUE OF WILD ANIMALS.

(a) Except for trophy deer restitution values provided under section 97A.331, subdivision 4, the commissioner may, by rules adopted under chapter 14, prescribe the dollar value to the state of species of wild animals. The value may reflect the value to other persons to legally take the wild animal, the replacement cost, or the intrinsic value to the state of the wild animals. Species of wild animals with similar values may be grouped together.

(b) The value of a wild animal under the rules adopted by the commissioner is prima facie evidence of a wild animal's value under section 97A.341.

(c) The commissioner shall report annually to the legislature the amount of restitution collected under section 97A.341 and the manner in which the funds were expended.

Sec. 21. Minnesota Statutes 2008, section 97A.421, subdivision 4a, is amended to read:

Subd. 4a. **Suspension for failure to appear in court or pay a fine or surcharge.** When a court reports to the commissioner that a person (1) has failed to appear in court ~~under the summons issued~~

in response to a notice to appear or fails to comply with other orders of the court regarding the appearance or proceedings for a violation of the game and fish laws or (2) has been convicted of violating a provision of the game and fish laws, has been sentenced to the payment of a fine or had a surcharge levied against them, and refused or failed to comply with that sentence or to pay the fine or surcharge, the commissioner shall suspend the game and fish license and permit privileges of the person until notified by the court that the person has appeared in court under clause (1) or that any fine or surcharge due the court has been paid under clause (2).

Sec. 22. Minnesota Statutes 2008, section 97A.433, is amended by adding a subdivision to read:

Subd. 5. **Mandatory separate selection.** The commissioner must conduct a separate selection for 20 percent of the elk licenses to be issued each year. Only individuals who have applied at least ten times for an elk license and who have never received a license are eligible for this separate selection.

Sec. 23. Minnesota Statutes 2008, section 97A.435, subdivision 1, is amended to read:

Subdivision 1. ~~Number of licenses to be issued~~ **License issuance.** The commissioner shall include in a rule setting the dates for a turkey season ~~the number of licenses to be issued~~ rules setting turkey seasons the methods for issuing licenses for those seasons.

Sec. 24. Minnesota Statutes 2009 Supplement, section 97A.445, subdivision 1a, is amended to read:

Subd. 1a. **Angling in a state park.** (a) A resident may take fish by angling without an angling license:

(1) when shore fishing or wading on state-owned land within a state park; or

(2) when angling from a boat or float, ~~this subdivision applies only to those~~ or through the ice on water bodies completely encompassed within the statutory boundary of the state park.

(b) The exemption from an angling license does not apply to waters where a trout stamp is required.

Sec. 25. Minnesota Statutes 2009 Supplement, section 97A.451, subdivision 2, is amended to read:

Subd. 2. **Residents under age ~~16~~ 18; fishing.** (a) A resident under the age of ~~16~~ 18 years may take fish without a license.

(b) A resident under the age of ~~16~~ 18 may net ciscoes and whitefish for personal consumption without the license required under section 97A.475, subdivision 13. A resident netting ciscoes and whitefish under this paragraph must follow all other applicable requirements for netting ciscoes and whitefish for personal consumption.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 26. Minnesota Statutes 2008, section 97A.502, is amended to read:

97A.502 DEER KILLED BY MOTOR VEHICLES.

(a) Deer killed by a motor vehicle on a public road must be removed by the road authority,

as defined by section 160.02, subdivision 25, unless the driver of the motor vehicle is allowed to possess the deer under paragraph (b). The commissioner of natural resources must provide to all road authorities standard forms for statistical purposes and the tracking of wild animals.

(b) The driver of a motor vehicle that has collided with and killed a deer on a public road has priority for a possession permit for the entire deer if the facts indicate that the deer was not taken illegally.

Sec. 27. Minnesota Statutes 2008, section 97A.535, subdivision 2a, is amended to read:

Subd. 2a. **Quartering of deer allowed.** A deer that has been tagged as required in subdivision 1 may be quartered at the site of the kill. The animal's head or genitalia must remain attached to one of the quarters. When male deer are taken in a lottery deer area or areas with antler point restrictions, the animal's head must remain attached to one of the quarters. The quarters must be presented together for registration under subdivision 2 and must remain together until the deer is processed for storage.

Sec. 28. Minnesota Statutes 2008, section 97A.545, subdivision 5, is amended to read:

Subd. 5. **Birds must be in undressed condition; exceptions.** (a) Except as provided in paragraph (b), a person may ship or otherwise transport game birds in an undressed condition only.

(b) Paragraph (a) does not apply if the birds being shipped or otherwise transported:

(1) were taken on a shooting preserve and are marked or identified in accordance with section 97A.121, subdivision 5;

(2) were taken, dressed, and lawfully shipped or otherwise transported in another state; or

(3) are migratory game birds that were lawfully tagged and packed by a federally permitted migratory bird preservation facility; or

(4) are doves shipped or transported in accordance with federal law.

Sec. 29. **[97B.0215] PARENT OR GUARDIAN RESPONSIBILITY; VIOLATION.**

A parent or guardian may not knowingly direct, allow, or permit a person under the age of 18 to hunt without the required license, permit, training, or certification, or in violation of the game and fish laws.

Sec. 30. Minnesota Statutes 2008, section 97B.022, subdivision 2, is amended to read:

Subd. 2. **Apprentice hunter validation requirements.** A resident born after December 31, 1979, who is age ~~12~~ 13 or older over and who does not possess a hunter education firearms safety certificate may be issued an apprentice hunter validation. An apprentice hunter validation is valid for only ~~one~~ two license ~~year~~ years in a lifetime. An individual in possession of an apprentice hunter validation may hunt small game ~~and~~ deer, and bear only when accompanied by an adult licensed to hunt in Minnesota whose license was not obtained using an apprentice hunter validation. An apprentice hunter validation holder must obtain all required licenses and stamps.

Sec. 31. Minnesota Statutes 2008, section 97B.031, subdivision 5, is amended to read:

Subd. 5. **Scopes; visually impaired hunters.** (a) Notwithstanding any other law to the contrary, the commissioner may issue a special permit, without a fee, to use a muzzleloader with a scope to

take deer during the muzzleloader season to a person who obtains the required licenses and who has a visual impairment. The scope may not have magnification capabilities.

(b) The visual impairment must be to the extent that the applicant is unable to identify targets and the rifle sights at the same time without a scope. The visual impairment and specific conditions must be established by medical evidence verified in writing by (1) a licensed physician, or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician; (2) a licensed ophthalmologist; or (3) a licensed optometrist. The commissioner may request additional information from the physician if needed to verify the applicant's eligibility for the permit.

(c) A permit issued under this subdivision may be valid for up to five years, based on the permanence of the visual impairment as determined by the licensed physician, ophthalmologist, or optometrist.

(d) The permit must be in the immediate possession of the permittee when hunting under the special permit.

(e) The commissioner may deny, modify, suspend, or revoke a permit issued under this subdivision for cause, including a violation of the game and fish laws or rules.

(f) A person who knowingly makes a false application or assists another in making a false application for a permit under this subdivision is guilty of a misdemeanor. A physician, certified nurse practitioner, certified physician assistant, ophthalmologist, or optometrist who fraudulently certifies to the commissioner that a person is visually impaired as described in this subdivision is guilty of a misdemeanor.

Sec. 32. Minnesota Statutes 2008, section 97B.045, is amended by adding a subdivision to read:

Subd. 4. Exception for livestock producers taking predators. The restrictions in subdivision 1 do not apply to a livestock producer or producer's employee while taking unprotected wild animals or predatory domestic dogs on the person's farm when experiencing predatory loss of livestock from wild animal or domestic dog predation and the firearm does not have a round in the chamber while the person is in the motor vehicle.

Sec. 33. Minnesota Statutes 2009 Supplement, section 97B.055, subdivision 3, is amended to read:

Subd. 3. Hunting from vehicle by disabled hunters. (a) The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a person who obtains the required licenses and who has a permanent physical disability that is more substantial than discomfort from walking. The permit recipient must be:

(1) unable to step from a vehicle without aid of a wheelchair, crutches, braces, or other mechanical support or prosthetic device; or

(2) unable to walk any distance because of a permanent lung, heart, or other internal disease that requires the person to use supplemental oxygen to assist breathing.

(b) The permanent physical disability must be established by medical evidence verified in writing by a licensed physician or, chiropractor, or certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician. The commissioner may

request additional information from the physician or chiropractor if needed to verify the applicant's eligibility for the permit. Notwithstanding section 97A.418, the commissioner may, in consultation with appropriate advocacy groups, establish reasonable minimum standards for permits to be issued under this section. In addition to providing the medical evidence of a permanent disability, the applicant must possess a valid disability parking certificate authorized by section 169.345 or license plates issued under section 168.021.

(c) A person issued a special permit under this subdivision and hunting deer may take a deer of either sex, except in those antlerless permit areas and seasons where no antlerless permits are offered. This subdivision does not authorize another member of a party to take an antlerless deer under section 97B.301, subdivision 3.

(d) A permit issued under this subdivision is valid for five years.

(e) The commissioner may deny, modify, suspend, or revoke a permit issued under this section for cause, including a violation of the game and fish laws or rules.

(f) A person who knowingly makes a false application or assists another in making a false application for a permit under this section is guilty of a misdemeanor. A physician, certified nurse practitioner, certified physician assistant, or chiropractor who fraudulently certifies to the commissioner that a person is permanently disabled as described in this section is guilty of a misdemeanor.

(g) Notwithstanding paragraph (d), the commissioner may issue a permit valid for the entire life of the applicant if the commissioner determines that there is no chance that an applicant will become ineligible for a permit under this section and the applicant requests a lifetime permit.

Sec. 34. Minnesota Statutes 2008, section 97B.075, is amended to read:

97B.075 HUNTING RESTRICTED BETWEEN EVENING AND MORNING.

(a) A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, except as provided in this section.

(b) Big game may be taken from one-half hour before sunrise until one-half hour after sunset.

(c) Except as otherwise prescribed by the commissioner on or before the Saturday nearest October 8, waterfowl may be taken from one-half hour before sunrise until sunset during the entire season prescribed by the commissioner. On the opening day of the duck season, shooting hours for migratory game birds, except woodcock and doves, begin at 9:00 a.m.

Sec. 35. Minnesota Statutes 2008, section 97B.106, subdivision 1, is amended to read:

Subdivision 1. **Qualifications for crossbow permits.** (a) The commissioner may issue a special permit, without a fee, to take big game, small game, or rough fish with a crossbow to a person that is unable to hunt or take rough fish by archery because of a permanent or temporary physical disability. A crossbow permit issued under this section also allows the permittee to use a bow with a mechanical device that draws, releases, or holds the bow at full draw as provided in section 97B.035, subdivision 1, paragraph (a).

(b) To qualify for a crossbow permit under this section, a temporary disability must render the

person unable to hunt or fish by archery for a minimum of two years after application for the permit is made. The permanent or temporary disability must be established by medical evidence, and the inability to hunt or fish by archery for the required period of time must be verified in writing by (1) a licensed physician or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician; or (2) a licensed chiropractor. A person who has received a special permit under this section because of a permanent disability is eligible for subsequent special permits without providing medical evidence and verification of the disability.

(c) The person must obtain the appropriate license.

Sec. 36. Minnesota Statutes 2008, section 97B.211, subdivision 1, is amended to read:

Subdivision 1. **Possession of firearms prohibited.** (a) A person may not take deer by archery while in possession of a firearm.

(b) Paragraph (a) does not apply to a handgun carried in compliance with section 624.714.

Sec. 37. Minnesota Statutes 2008, section 97B.325, is amended to read:

97B.325 ~~DEER~~ BIG GAME STAND RESTRICTIONS.

A person may not take deer, elk, or moose from a constructed platform or other structure that is located within the right-of-way of an improved public highway or is higher than 16 feet above the ground. The height restriction does not apply on private property or to a portable stand that is chained, belted, clamped, or tied with rope.

Sec. 38. Minnesota Statutes 2008, section 97B.405, is amended to read:

97B.405 COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.

(a) The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by rule, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected.

(b) In the case of a drawing, the commissioner shall allow a person to apply for a permit in more than one area at the same time and rank the person's choice of area.

(c) A person selected through a drawing must purchase a license by the Friday closest to July 31. Any remaining available licenses not purchased shall be issued beginning the following Wednesday to those who applied unsuccessfully. Any remaining available licenses not purchased by unsuccessful applicants may then be issued the following week beginning on Wednesday to any eligible person as prescribed by the commissioner on a first-come, first-served basis.

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

Sec. 39. **[97B.4251] BAITING BEAR; USE OF DRUM.**

Notwithstanding section 97B.425, a private landowner or person authorized by the private landowner may use a drum to bait bear on the person's private land. The drum must be securely chained or cabled to a tree so that it cannot be moved from the site by a bear and the drum may

not include a mechanical device for dispensing feed. The drum must be marked with the name and address of the person who registered the bait site. For purposes of this section, "drum" means a 30 gallon or larger drum.

Sec. 40. Minnesota Statutes 2008, section 97B.515, is amended by adding a subdivision to read:

Subd. 4. **Taking elk causing damage or nuisance.** The commissioner may authorize the taking of elk that are causing damage or nuisance by licensed hunters from August 15 to March 1 under rules prescribed by the commissioner. The commissioner may issue licenses to hunters impartially selected from a list of elk hunt applicants who indicated on their application that they would be interested and available to respond to an elk damage or nuisance situation. Notwithstanding section 97A.433, subdivision 2, clause (2), a person receiving a license to hunt elk under this subdivision does not lose eligibility for future elk hunts.

Sec. 41. Minnesota Statutes 2008, section 97B.667, is amended to read:

97B.667 REMOVAL OF BEAVERS, BEAVER DAMS, AND LODGES BY ROAD AUTHORITIES.

When a drainage watercourse is impaired by a beaver dam and the water damages or threatens to damage a public road, the road authority, as defined in section 160.02, subdivision 25, may remove the impairment and any associated beaver lodge within 300 feet of the road. Notwithstanding any law to the contrary, the road authority may remove or kill or arrange to have removed or killed by any lawful means a beaver associated with the lodge. A road authority that kills or arranges to have killed a beaver under this section must notify a conservation officer or employee of the Wildlife Division within ten days after the animal is killed. A road authority may, after consultation with the Wildlife Division and the Board of Water and Soil Resources, implement a local beaver control program designed to reduce the number of incidents of beaver interfering with or damaging a public road. The local control program may include the offering of a bounty for the lawful taking of beaver.

Sec. 42. Minnesota Statutes 2008, section 97B.711, is amended by adding a subdivision to read:

Subd. 4. **Shooting grouse prohibited near motor vehicle.** A person in the vicinity of a motor vehicle may not discharge a firearm or an arrow from a bow at a grouse, or at a decoy of a grouse placed by an enforcement officer, unless the person is at least ten feet from the vehicle and the vehicle's engine is shut off. This subdivision does not apply to a person with a disability permit issued under section 97B.055, subdivision 3.

Sec. 43. Minnesota Statutes 2008, section 97B.803, is amended to read:

97B.803 MIGRATORY WATERFOWL SEASONS AND LIMITS.

~~(a)~~ The commissioner shall prescribe seasons, limits, and areas for taking migratory waterfowl in accordance with federal law.

~~(b)~~ The regular duck season may not open before the Saturday closest to October 1.

Sec. 44. Minnesota Statutes 2008, section 97C.005, subdivision 3, is amended to read:

Subd. 3. **Seasons, limits, and other rules.** The commissioner may, in accordance with the procedures in subdivision 2, paragraphs (c) and (e), or by rule under chapter 14, establish open seasons, limits, methods, and other requirements for taking fish on special management waters. The

commissioner may, by written order published in the State Register, amend daily, possession, or size limits to make midseason adjustments based on available harvest, angling pressure, and population data to manage the fisheries in the 1837 Ceded Territory in compliance with the court orders in Mille Lacs Band of Chippewa v. Minnesota, 119 S. Ct. 1187 (1999). The midseason adjustments in daily, possession, or size limits are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before the written order is effective, the commissioner shall attempt to notify persons or groups of persons affected by the written order by public announcement, posting, and other appropriate means as determined by the commissioner.

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

Sec. 45. Minnesota Statutes 2008, section 97C.087, subdivision 2, is amended to read:

Subd. 2. **Application for tag.** Application for special fish management tags must be accompanied by a \$5, nonrefundable application fee for each tag. A person may not make more than one tag application each calendar year. If a person makes more than one application, the person is ineligible for a special fish management tag for that ~~season~~ calendar year after determination by the commissioner, without a hearing.

Sec. 46. Minnesota Statutes 2008, section 97C.205, is amended to read:

97C.205 TRANSPORTING AND STOCKING FISH.

(a) Except on the water body where taken, a person may not transport a live fish in a quantity of water sufficient to keep the fish alive, unless the fish:

(1) is being transported under an aquaculture license as authorized under sections 17.4985 and 17.4986;

(2) is being transported for a fishing contest weigh-in under section 97C.081;

(3) is a minnow being transported under section 97C.505 or 97C.515;

(4) is being transported by a commercial fishing license holder under section 97C.821; or

(5) is being transported as otherwise authorized in this section or as prescribed for certifiable diseases under sections 17.46 to 17.4999.

(b) The commissioner may adopt rules to allow and regulate:

(1) the transportation of fish and fish eggs; and

(2) the stocking of waters with fish or fish eggs.

(c) The commissioner must allow the possession of fish on special management or experimental waters to be prepared as a meal on the ice or on the shore of that water body if the fish:

(1) were lawfully taken;

(2) have been packaged by a licensed fish packer; and

(3) do not otherwise exceed the statewide possession limits.

(d) The commissioner shall prescribe rules designed to encourage local sporting organizations

to propagate game fish by using rearing ponds. The rules must:

- (1) prescribe methods to acquire brood stock for the ponds by seining public waters;
- (2) allow the sporting organizations to own and use seines and other necessary equipment; and
- (3) prescribe methods for stocking the fish in public waters that give priority to the needs of the community where the fish are reared and the desires of the organization operating the rearing pond.

(e) A person age 16 or under may, for purposes of display in a home aquarium, transport largemouth bass, smallmouth bass, yellow perch, rock bass, black crappie, white crappie, bluegill pumpkinseed, green sunfish, orange spotted sunfish, and black, yellow, and brown bullheads taken by angling, except as otherwise ordered by the commissioner upon documentation of an emergency fish disease in Minnesota waters, as defined in section 17.4982, subdivision 9. No more than four of each species may be transported at any one time, and any individual fish can be no longer than ten inches in total length. The commissioner may, by written order published in the State Register, prohibit transportation of live fish under this paragraph to help prevent spread of an emergency fish disease documented to occur in Minnesota waters. The order is exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 47. Minnesota Statutes 2008, section 97C.315, subdivision 1, is amended to read:

Subdivision 1. **Lines.** (a) An angler may not use more than one line except as provided in paragraph (b), and:

- (1) two lines may be used to take fish through the ice; and
- (2) the commissioner may, by rule, authorize the use of two lines in areas designated by the commissioner in Lake Superior.

(b) During the open water period, an angler may use two lines if the angler purchases a second line endorsement for \$10 and the endorsement is purchased with the angling license. An angler with a two-line endorsement is prohibited from the use of two lines on experimental or special management waters that have reduced limits for any species that are not based on size. Daily and possession limits during the open water season for fish taken by a person with a two-line endorsement are one-half the daily and possession limits for the corresponding fish taken under a standard angling license, rounded down to the next whole number, if necessary. By March 1, 2011, the commissioner shall provide for public education on the availability of and restrictions under a two-line endorsement.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 48. [97C.338] TRANSPORTATION AND BAIT USE OF LARGE BULLHEADS AND WHITE SUCKERS.

Subdivision 1. **Large bullheads.** (a) Notwithstanding section 97C.205, paragraph (a), up to 100 bullheads that are greater than seven inches and equal to or less than ten inches in length may be taken, possessed, transported, and held for use as live bait as provided in this section.

(b) Bullheads taken under this section may be taken from the wild by:

- (1) angling;

(2) dip net; or

(3) seines used as authorized for noncommercial taking of minnows under sections 97C.505 and 97C.511, subdivision 1, and as prescribed by the commissioner.

(c) Bullheads taken and possessed under this section count towards the daily and possession limits for bullheads prescribed by the commissioner.

(d) Bullheads taken and possessed under this section must be transported in a container with a locking lid or other device to prevent escape, and live bullheads may not be released into the wild.

(e) A person transporting or holding bullheads under this section must allow inspection of the bullheads by the commissioner at any time.

(f) A person may not transport live bullheads taken or possessed under this section across the Minnesota state border without an appropriate commercial license and transportation permit.

Subd. 2. **Bullhead transportation north of State Highway 210.** Live bullheads, regardless of size, may not be transported north of State Highway 210 except under an appropriate commercial fishing, aquatic farm, private hatchery, or minnow dealer license or as specifically authorized by permit.

Subd. 3. **Large white suckers.** Notwithstanding section 97C.205, paragraph (a), white suckers that are over 12 inches in length and have been legally purchased from a licensed commercial vendor may be transported alive if the person transporting them has in personal possession a valid sales receipt from the vendor. To be valid, the sales receipt must:

(1) show the number of fish purchased;

(2) show the date and time of the purchase; and

(3) have a date and time of purchase that is not more than 96 hours prior to the time the suckers are being transported.

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

Sec. 49. Minnesota Statutes 2008, section 97C.341, is amended to read:

97C.341 CERTAIN AQUATIC LIFE PROHIBITED FOR BAIT.

(a) A person may not use live minnows imported from outside of the state, game fish, goldfish, or carp for bait. The commissioner may authorize use of game fish eggs as bait and prescribe restrictions on their use.

(b) A person may not import or possess live, frozen, or processed bait from known waters where viral hemorrhagic septicemia has been identified as being present, except as provided in paragraph (c). For purposes of this paragraph, "bait" includes fish, aquatic worms, amphibians, invertebrates, and insects used for ~~angling~~ taking wild animals.

(c) Cisco and rainbow smelt taken under rules adopted by the commissioner may be used as:

(1) fresh or frozen bait on Lake Superior; or

(2) bait that has been processed to inactivate viral hemorrhagic septicemia in a manner prescribed

by rules adopted by the commissioner.

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

Sec. 50. Minnesota Statutes 2009 Supplement, section 97C.395, subdivision 1, is amended to read:

Subdivision 1. **Dates for certain species.** (a) The open seasons to take fish by angling are as follows:

(1) for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, the Saturday two weeks prior to the Saturday of Memorial Day weekend to the last Sunday in February;

(2) for lake trout, from January 1 to October 31;

(3) for the winter season for lake trout on all lakes located outside or partially within the Boundary Waters Canoe Area, from January 15 to March 31;

(4) for the winter season for lake trout on all lakes located entirely within the Boundary Waters Canoe Area, from January 1 to March 31;

(5) for brown trout, brook trout, rainbow trout, and splake, between January 1 to October 31 as prescribed by the commissioner by rule except as provided in section 97C.415, subdivision 2;

(6) for the winter season for brown trout, brook trout, rainbow trout, and splake on all lakes, from January 15 to March 31; and

(7) for salmon, as prescribed by the commissioner by rule.

(b) The commissioner shall close the season in areas of the state where fish are spawning and closing the season will protect the resource.

(c) The commissioner shall close the season for taking smallmouth bass until the Monday following the third Sunday in June each year in the following areas:

(1) that part of the Rum River from the city of Anoka dam to the confluence with the Mississippi River;

(2) that part of Elm Creek below the Mill Pond Falls to the confluence with the Mississippi River;

(3) that part of the Mississippi River within 100 yards both upstream and downstream of the shoreline of Elm Creek at its confluence with the Mississippi River; and

(4) that part of the Mississippi River from the Coon Rapids Dam to State Highway No. 610.

Sec. 51. **[348.125] COYOTE CONFLICT MANAGEMENT OPTION.**

A county or town board may, by resolution, offer a bounty for the taking of coyotes (Canis latrans) by all legal methods. The resolution may be made applicable to the whole or any part of the county or town. The bounty must apply during the months specified in the resolution and be in an amount determined by the board.

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

Sec. 52. ZONE 3 DEER SEASON AND RESTRICTIONS; 2010.

For the 2010 deer season, notwithstanding rules of the commissioner of natural resources under Minnesota Statutes, section 97B.311, paragraph (a), the commissioner shall allow a nine-day early A season in Zone 3 beginning the Saturday nearest November 6 and a nine-day late B season in Zone 3 beginning the Saturday nearest November 20. Zone 3 is defined in rules of the Department of Natural Resources. The penalty provisions under Minnesota Statutes, section 97A.301, apply to specific restrictions under this section.

Sec. 53. LAKE FLORIDA FISHING RESTRICTIONS.

The commissioner shall prohibit fishing on Lake Florida in the area surrounding the outlet and carp trap one month prior to the open season for walleye, sauger, northern pike, muskellunge, largemouth bass, and smallmouth bass, as provided under Minnesota Statutes, section 97C.395, subdivision 1, paragraph (a), clause (1).

Sec. 54. SPECIAL REGULATIONS; FISH LAKE RESERVOIR; ST. LOUIS COUNTY.

By March 1, 2011, the commissioner of natural resources shall adopt special regulations for Fish Lake Reservoir in St. Louis County under Minnesota Statutes, section 97C.005. The special regulations shall be effective beginning with the 2011 fishing season.

Sec. 55. RULEMAKING; SPEARING ON CASS LAKE.

The commissioner of natural resources shall amend Minnesota Rules, part 6264.0400, subpart 69, to allow a person to take fish by spearing on Cass Lake and provide for double the restitution rate under current rules for muskellunge taken illegally on Cass Lake. A person taking muskellunge by spear on Cass Lake is subject to Minnesota Statutes, sections 97A.420 and 97A.421, subdivision 2a, paragraph (a), clause (2). The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 56. INCIDENTAL TAKINGS REPORT.

By January 15, 2011, the commissioner of natural resources shall report to the legislative natural resource policy committees on a process for reporting and tagging muskrat or otter incidentally taken in a beaver trap during the beaver season.

Sec. 57. PILOT WALK-IN PUBLIC ACCESS PROGRAM; APPROPRIATION.

(a) \$1,400,000 in fiscal year 2011 is appropriated from the game and fish fund to the commissioner of natural resources for a two-year pilot walk-in public access program. The commissioner shall work with the Board of Water and Soil Resources and other interested persons to design a pilot program. The commissioner shall pursue additional funding and coordination with the United States Department of Agriculture. The commissioner shall contract with landowners at locations within the agricultural areas of the state for recreational access on lands containing at least 40 contiguous acres of game habitat. At a minimum, all of the locations must be open to the public for taking game during prescribed seasons from September 1 to the end of the small game season each year. Land under contract pursuant to this section shall be treated the same as land made available without charge for recreational purposes under Minnesota Statutes, sections 604A.20 to 604A.27. This is a onetime appropriation and is available until June 30, 2012.

(b) By February 15, 2011, the commissioner shall provide a progress report to the house of representatives and senate committees and divisions with primary jurisdiction over natural resources policy and budget on the pilot walk-in public access program. The report shall include:

- (1) the number of acres and location of each pilot walk-in public access contract;
- (2) information on landowner acceptance of the program;
- (3) information on the design of the program, including payments for landowner contracts and other criteria for the program;
- (4) a copy of the landowner contract used for the pilot program;
- (5) potential concerns raised by interested parties regarding a walk-in public access program, including:
 - (i) concerns from adjacent landowners and options for addressing those concerns; and
 - (ii) potential concerns from landowners that may participate, including property damage, and options for addressing those concerns;
- (6) a proposed source of revenue for continuation of the program and the leverage of federal funds; and
- (7) habitat criteria for the public access walk-in contracts, including any recommendations on use of money from other sources for restoration and enhancement of the walk-in access sites.

Sec. 58. REPEALER.

(a) Minnesota Statutes 2008, sections 84.942, subdivisions 2, 3, and 4; 97A.435, subdivision 5; 97B.511; and 97B.515, subdivision 3, are repealed.

(b) Minnesota Statutes 2009 Supplement, section 97C.346, is repealed.

ARTICLE 2

NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2008, section 86B.101, is amended to read:

86B.101 WATERCRAFT SAFETY AND EDUCATION PROGRAM.

Subdivision 1. **Safety and education program.** The commissioner shall continue and expand the comprehensive ~~boat~~ watercraft safety and education program. The commissioner shall cooperate with ~~boaters~~ watercraft owners, governmental subdivisions, state agencies, other states, and the federal government in the operation of the program.

Subd. 2. **Youth watercraft safety and education course.** (a) The commissioner shall establish an educational course and a testing program for personal watercraft and watercraft operators and for persons age 12 or older but younger than age 18 required to take the watercraft safety and education course. The course shall have an invasive species component that includes the identification of invasive species and invasive species control requirements. The commissioner shall prescribe a written test as part of the course. A personal watercraft educational course and testing program that emphasizes safe and legal operation must be required for persons age 13 or older but younger than

age 18 operating personal watercraft.

(b) The commissioner shall issue a watercraft operator's permit to a person age 12 or older but younger than age 18 who successfully completes the educational program and the written test.

Subd. 3. **Operator's permit.** The commissioner shall issue a watercraft operator's permit to a person who successfully qualifies for a watercraft operator's permit under the ~~boat~~ watercraft safety and education program.

Subd. 4. **~~Boat Watercraft safety and education program; reciprocity with other states.~~** The commissioner may enter into reciprocity agreements or otherwise certify ~~boat~~ watercraft safety and education programs from other states that are substantially similar to in-state programs. The commissioner shall issue a watercraft operator's permit to a person who provides proof of completion of a program subject to a reciprocity agreement or certified as substantially similar.

Sec. 2. REPORT ON PAYMENTS IN LIEU OF TAXES FOR STATE NATURAL RESOURCE LANDS.

By October 1, 2010, the commissioner of natural resources, after consultation with the commissioners of revenue and management and budget, shall use a stakeholder process that includes representatives from affected local units of government and other interested parties and shall report to the senate and house of representatives natural resources and tax policy and finance committees and divisions with recommended changes to payment in lieu of taxes for natural resource lands under Minnesota Statutes, sections 97A.061 and 477A.11 to 477A.145. The report shall include an analysis of the current payment and distribution system, and any recommended changes to:

- (1) the purpose of the payment system and the criteria for payments;
- (2) the rate of payments for specific classes of natural resource lands; and
- (3) the formula for distribution of the payments to local units of government.

ARTICLE 3

STATE LANDS

Section 1. Minnesota Statutes 2008, section 84.0272, subdivision 2, is amended to read:

Subd. 2. **Stream easements.** (a) Notwithstanding subdivision 1, the commissioner may acquire permanent stream easements for angler access, fish management, and habitat work for a onetime payment based on a value attributed to both the stream and the easement corridor. The payment shall equal:

- (1) the per linear foot of stream within the easement corridor times \$5; plus
- (2) the easement corridor acres times the estimated market value.

(b) The estimated market value is equal to:

(1) the total farm market value plus the timberlands value agricultural market value plus the rural vacant market value plus the managed forest market value; divided by

(2) the acres of ~~deeded farmland plus the acres of timber~~ agricultural land plus the rural vacant land plus the managed forest land.

(c) ~~The total farm market value, timberlands value, acres of deeded farmland, and acres of timber~~ agricultural market value, rural vacant market value, and managed forest market value or equivalent are determined from data collected by the Department of Revenue during its annual spring mini abstract survey. If the Department of Revenue changes its property type groups for its annual spring mini abstract survey, the agricultural market value, the rural vacant market value, and the managed forest market value shall be determined by the commissioner from data collected by the Department of Revenue in a manner that provides the most reasonable substitute for the market values as presently reported. The commissioner must use the most recent available data for the city or township within which the easement corridor is located.

(d) The commissioner shall periodically review the easement payment rates under this subdivision to determine whether the stream easement payments reflect current shoreland market values. If the commissioner determines that the easements do not reflect current shoreland market values, the commissioner shall report to the senate and house of representatives natural resources policy committees with recommendations for changes to this subdivision that are necessary for the stream easement payment rates to reflect current shoreland market values. The recommendations may include an adjustment to the dollar amount in paragraph (a), clause (1).

Sec. 2. Minnesota Statutes 2008, section 85.012, subdivision 40, is amended to read:

Subd. 40. McCarthy Beach State Park, St. Louis County and Itasca Counties, which is hereby renamed from McCarthy Beach Memorial State Park.

Sec. 3. Minnesota Statutes 2008, section 89.021, is amended by adding a subdivision to read:

Subd. 1a. **Boundaries designated.** The commissioner of natural resources may acquire by gift or purchase land or interests in land adjacent to a state forest. The commissioner shall propose legislation to change the boundaries of established state forests for the acquisition of land adjacent to the state forests, provided that the lands meet the definition of forest land as defined in section 89.001, subdivision 4.

Sec. 4. Minnesota Statutes 2008, section 89.032, subdivision 2, is amended to read:

Subd. 2. **Acquisition for state forests.** The commissioner may acquire lands or interest in lands for state forest purposes. The land or interests in land may be subject to mineral reservations.

Sec. 5. Minnesota Statutes 2008, section 94.342, is amended by adding a subdivision to read:

Subd. 7. **Exception for riparian land in Boundary Waters Canoe Area Wilderness.** Notwithstanding subdivision 3, any state-owned riparian land within the Boundary Waters Canoe Area Wilderness may be given in exchange for nonriparian land outside the Boundary Waters Canoe Area Wilderness.

Sec. 6. Laws 2008, chapter 368, article 1, section 34, as amended by Laws 2009, chapter 176, article 4, section 2, is amended to read:

Sec. 34. **PRIVATE SALE OF SURPLUS STATE LAND; HENNEPIN COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural

resources shall sell to the city of Wayzata the surplus land that is described in paragraph (c) ~~upon verification that the city has acquired the adjacent parcel, currently occupied by a gas station.~~

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land described in paragraph (c) to the city of Wayzata, for up to \$75,000 plus transaction costs, but the conveyance must provide that the land described in paragraph (c) be used for a public road and reverts to the state if the city of Wayzata fails to provide for public use of the land as a road or abandons the public use of the land.

(c) The land that may be sold is located in Hennepin County and is described as: Tract F, Registered Land Survey No. 1168.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to the city of Wayzata.

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

Sec. 7. Laws 2009, chapter 176, article 4, section 9, is amended to read:

Sec. 9. PRIVATE SALE OF SURPLUS LAND; CLEARWATER COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to the White Earth Band of Ojibwe for ~~less than the value of the land as determined by the commissioner~~ \$1, but the conveyance must provide that the land be used for the public and reverts to the state if the band fails to provide for public use or abandons the public use of the land. The conveyance may reserve an easement for ingress and egress.

(c) The land that may be sold is located in Clearwater County and is described as: the West 400 feet of the South 750 feet of Government Lot 3, Section 31, Township 145 North, Range 38 West, containing 6.89 acres, more or less.

(d) The Department of Natural Resources has determined that the land and building are no longer needed for natural resource purposes.

Sec. 8. ADDITIONS TO STATE PARKS.

Subdivision 1. [85.012] [Subd. 19.] Forestville Mystery Cave State Park, Fillmore County.
The following areas are added to Forestville Mystery Cave State Park, all in Fillmore County:

(1) commencing at the northeast corner of Section 14, Township 102 North, Range 12 West; thence West 1,608.8 feet; thence South 2 degrees 50 minutes West 1,260.4 feet; thence North 89 degrees 57 minutes West 656 feet; thence South 0 degrees 39 minutes West 541.4 feet; thence North 89 degrees 57 minutes West 302.7 feet; thence South 0 degrees 39 minutes West 347.1 feet; thence South 89 degrees 58 minutes East 132 feet; thence South 0 degrees 39 minutes West 496 feet; thence South 89 degrees 58 minutes East 495 feet; thence South 54 degrees East 990 feet; thence South 39 degrees East 295 feet; thence South 84 degrees East 594 feet; thence South 64 degrees East 148.5 feet; thence South 66 degrees East 462 feet; thence North 0 degrees 45 minutes East 3763 feet to

beginning;

(2) that part of the East Half of the Southeast Quarter of Section 14, Township 102 North, Range 12 West, lying North of the south bank of the North Branch Creek, also known as Forestville Creek. Said parcel of real estate being more fully described as follows: commencing at the northeast corner of Section 14, proceed West, a distance of 1,608.8 feet; thence South 2 degrees 50 minutes West a distance of 1,260.4 feet; thence North 89 degrees 57 minutes West, a distance of 656 feet; thence South 0 degrees 39 minutes West, a distance of 541.4 feet to the beginning corner. From the point of beginning, continue North 89 degrees 57 minutes West, a distance of 302.7 feet; thence South 0 degrees 39 minutes West a distance of 347.1 feet; thence South 89 degrees 58 minutes East, a distance of 132 feet; thence South 0 degrees 39 minutes West, a distance of 496 feet; thence South 89 degrees 58 minutes East a distance of 363 feet; thence South 54 degrees East 990 feet; thence South 39 degrees East 295 feet; thence South 84 degrees East 594 feet; thence South 64 degrees East 148.5 feet; thence South 66 degrees East 462 feet, to the section line; thence North on the section line, a distance of 1,783 feet; thence North 85 degrees 34 minutes West a distance of 2,340.2 feet to the beginning corner;

(3) the South Half of the Northeast Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, except the South Half of the Southeast Quarter of the Southeast Quarter of said Northeast Quarter, and also except that part thereof lying West of the center of County Road No. 12;

(4) that part of the North Half of the Southwest Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, lying northerly and easterly of the following described line: commencing at a point 288.4 feet North of the southwest corner of the Northwest Quarter of the Southwest Quarter of said Section 23; thence North 132 feet, to the point of beginning of the line to be described; thence East 1,800 feet, to the center of river; thence South 6 degrees East 133 feet to intersect the hereinafter described Line X; thence easterly along said Line X to the hereinafter described Point A; thence South, parallel with the west line of said Southwest Quarter to the south line of said North Half of said Southwest Quarter and said line there terminating. Said Line X and Point A being described as follows: commencing at the southwest corner of the Northwest Quarter of the Southwest Quarter of said Section 23; thence running North 4.37 chains; thence East, along a line referred to as Line X in the above description, a distance of 27.25 chains to a point referred to as Point A in the above description;

(5) the East Half of the Southeast Quarter of the Southwest Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota; and

(6) the Southeast Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, except the North Half of the Northeast Quarter of the Northeast Quarter of said Southeast Quarter.

Subd. 2. [85.012] [Subd. 31.] Judge C. R. Magney State Park, Cook County. The following areas are added to Judge C. R. Magney State Park, all in Cook County: the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter, and the Northwest Quarter of the Northeast Quarter, all in Section 5, Township 62 North, Range 3 East.

Subd. 3. [85.012] [Subd. 54.] Split Rock Lighthouse State Park, Lake County. The following areas are added to Split Rock Lighthouse State Park, all in Lake County: the Southeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter, all in Section 32, Township 55 North, Range 8 West.

Subd. 4. **[85.012] [Subd. 55a.] Tettegouche State Park, Lake County.** The following areas are added to Tettegouche State Park:

(1) that part of Government Lot 2, Section 15, Township 56, Range 7, Lake County, Minnesota, described as follows: commencing at the quarter corner between said Section 15 and Section 22, Township 56, Range 7; thence East, along the section line between said Sections 15 and 22, a distance of 503.0 feet; thence northeasterly, deflecting to the left 75 degrees 00 minutes a distance of 425.0 feet, to a point designated by a two-inch iron pipe, being the point of beginning; thence northwesterly, to a point on the west line of said Lot 2 distant approximately 970.0 feet North of said quarter corner between Sections 15 and 22; thence North along said west line to the northwest corner of said Lot 2; thence East, along the north line of said Lot 2, approximately 240.0 feet; thence in a southeasterly direction to a point on the east side of a point of rocks projecting into Lake Superior, being marked by an X; thence in a southwesterly direction, along the shore of said Lake Superior to the point of beginning. (X mark on rock being in line making a deflection angle of 45 degrees 51 minutes to the left with the east-west section line from a point on the section line 503.0 feet East of the quarter corner between said Sections 15 and 22 and being approximately 830 feet from said point on said section line.); and

(2) the Northeast Quarter of the Southwest Quarter of Section 15, Township 56, Range 7, Lake County, Minnesota.

Sec. 9. DELETIONS FROM STATE PARKS.

Subdivision 1. **[85.012] [Subd. 1a.] Afton State Park, Washington County.** The following area is deleted from Afton State Park: all that part of the Southwest Quarter of Section 3, Township 27, Range 20, Washington County, Minnesota, embraced within the recorded plat of ALPS ESTATES.

Subd. 2. **[85.012] [Subd. 14.] Crow Wing State Park, Crow Wing, Cass, and Morrison Counties.** The following areas are deleted from Crow Wing State Park:

(1) all that part of Government Lots 7 and 8, Section 24, Township 44, Range 32, Crow Wing County, Minnesota, embraced within the recorded plat of RED RIVER TRAIL; and

(2) all that part of Government Lot 7, Section 24, Township 44, Range 32, Crow Wing County, Minnesota, embraced within the recorded plat of LOGGER RUN.

Subd. 3. **[85.012] [Subd. 21.] Frontenac State Park, Goodhue County.** The following area is deleted from Frontenac State Park: that part of the Southeast Quarter, Section 11, Township 112 North, Range 13 West, being described as BLOCK P, GARRARD'S SOUTH EXTENSION TO FRONTENAC according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota, including any portions of vacated roadway which have attached thereto.

Subd. 4. **[85.012] [Subd. 26.] Hayes Lake State Park, Roseau County.** The following area is deleted from Hayes Lake State Park: the West 45.00 feet of the North 160.7 feet of the South 263.58 feet of the Southwest Quarter of the Northeast Quarter of Section 32, Township 160, Range 38, Roseau County, Minnesota.

Subd. 5. **[85.012] [Subd. 40.] McCarthy Beach State Park, St. Louis and Itasca Counties.** The following area is deleted from McCarthy Beach State Park in Itasca County: all that part of the Northeast Quarter of the Southeast Quarter, Section 1, Township 60 North, Range 22 West, embraced within the recorded plat of "TRUST," as depicted thereon.

Subd. 6. [85.012] [Subd. 41.] **Maplewood State Park, Otter Tail County.** The following areas are deleted from Maplewood State Park:

(1) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, embraced within the recorded plat of South Lida Shores, according to the recorded plat thereof;

(2) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, embraced within the recorded plat of Greens Isle View Addition, according to the recorded plat thereof;

(3) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, described as follows: beginning at a point located by running West 401 feet from the northeast corner of said Government Lot 4 in Section 9; thence South 47 degrees 10 minutes West 100 feet; thence South 52 degrees 19 minutes West along the lakeshore of Lake Lida a distance of 50 feet; thence South 42 degrees 50 minutes East 200 feet; thence North 52 degrees 19 minutes East 50 feet; thence North 42 degrees 50 minutes West 100 feet; thence North 47 degrees 10 minutes East 100 feet; thence North 42 degrees 50 minutes West, 100 feet to the point of beginning;

(4) that part of Government Lot 5, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, described as follows: commencing at the northeast corner of Government Lot 4 in said Section 9; thence on an assumed bearing of West, along the north line of said Government Lot 4, a distance of 130 feet, to intersect the shore of South Lida Lake, said point of intersection being the point of beginning of the tract of land to be described; thence return on a bearing of East, a distance of 130 feet, to said northeast corner of Government Lot 4; thence North 03 degrees 46 minutes 00 seconds West 224.40 feet, along the centerline of a township road; thence North 08 degrees 31 minutes 00 seconds East 346.60 feet along said centerline; thence North 81 degrees 14 minutes 00 seconds West 34.00 feet to the westerly line of said township road; thence North 08 degrees 31 minutes 00 seconds East along said westerly line 125.00 feet; thence North 36 degrees 09 minutes 00 seconds West 230.00 feet; thence South 71 degrees 21 minutes 00 seconds West 93.00 feet, more or less to the easterly shoreline of South Lida Lake; thence southeasterly along said shoreline to the point of beginning; and

(5) that part of Government Lot 2, Section 33, Township 136, Range 42, Otter Tail County, Minnesota, described as follows: commencing at the East Quarter corner of said Section 33; thence on an assumed bearing of West, along the east-west quarter line of said Section 33, a distance of 3,994.0 feet; thence North 25 degrees East, a distance of 308.3 feet to the southwesterly right-of-way line of a public highway; thence North 40 degrees 00 minutes West, a distance of 169.0 feet, along said right-of-way; thence South 74 degrees 43 minutes West, a distance of 70.0 feet, more or less, to the shore of South Lida Lake; thence southwesterly, along said shoreline to the south line of said Government Lot 2; thence on a bearing of East, along the south line of said Government Lot 2, also being said east-west quarter line to the point of beginning.

Subd. 7. [85.012] [Subd. 54.] **Split Rock Lighthouse State Park, Lake County.** The following area is deleted from Split Rock Lighthouse State Park: the Southeast Quarter of the Southeast Quarter, Section 31, Township 55 North, Range 8 West, Lake County.

Sec. 10. **ADDITIONS TO STATE FORESTS.**

[89.021] [Subd. 32.] **Lyons State Forest.** The following area is added to the Lyons State Forest:

Section 16, Township 135 North, Range 32 West, Cass County.

Sec. 11. LAKE COUNTY LAND EXCHANGE.

Notwithstanding Minnesota Statutes, section 85.012, subdivision 1, the commissioner of natural resources shall compensate Lake County or exchange state land of substantially equal value for any tax-forfeited land administered by Lake County encompassed by the boundary change effected under section 8, subdivision 3.

Sec. 12. PUBLIC SALE OF SURPLUS STATE LAND; ANTICIPATED SAVINGS TO GENERAL FUND.

Notwithstanding Minnesota Statutes, section 94.10, the commissioner of natural resources may offer and sell surplus land at public sale for not less than 75 percent of the estimated or appraised value of the land or for not less than 75 percent of the minimum sale price prescribed in Minnesota Statutes, section 94.10, provided the land is being sold to meet the requirements of Laws 2005, chapter 156, article 2, section 45, as amended by Laws 2007, chapter 148, article 2, section 73, and Laws 2009, chapter 37, article 1, section 59.

EFFECTIVE DATE. This section expires June 30, 2011.

Sec. 13. PRIVATE SALE OF SURPLUS STATE LAND; ANOKA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to a political subdivision the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Anoka County and is described as: the East Half of the Southeast Quarter of Section 25, Township 32 North, Range 22 West, Anoka County, Minnesota, containing 80 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a political subdivision. A political subdivision would like to use this parcel as a wetland mitigation site.

(e) This sale is the result of the intent expressed by the city of Columbus and Anoka County to allow the commissioner of natural resources to replace the approximately 80 acres of land with land adjacent to the Carlos Avery Wildlife Management Area from willing sellers as identified in the November 19, 2007, Department of Natural Resources' land acquisition plan.

Sec. 14. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; BELTRAMI COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The conveyance must include a reservation of perpetual road easements described in paragraph (c) to

the state for ingress and egress for constructing, repairing, maintaining, and operating an adjacent northern pike spawning and rearing area.

(c) The land that may be sold is located in Beltrami County and is described as: All that part of the Southwest Quarter of the Southwest Quarter and Government Lot 1, Section 21, Township 146 North, Range 31 West, bounded by the water's edge of Cass Lake and the following described lines: Commencing at the southwest corner of said section, thence North 00 degrees 07 minutes West, 691.2 feet on and along the west line of said section to the point of beginning; thence South 58 degrees 27 minutes East, 177.64 feet; thence South 65 degrees 00 minutes East, 162.35 feet; thence North 52 degrees 07 minutes East, 175.70 feet; thence North 86 degrees 05 minutes East, 232.35 feet; thence South 41 degrees 50 minutes East, 186.35 feet; thence South 25 degrees 59 minutes East, 122.0 feet; thence South 33 degrees 47 minutes West, 176.13 feet; thence South 26 degrees 31 minutes West, 157.26 feet; thence South 50 degrees 19 minutes East, 142.34 feet; thence North 88 degrees 05 minutes East, 66.15 feet to point "A"; thence North 67 degrees 06 minutes East, 442.0 feet; thence North 76 degrees 24 minutes East, 113.86 feet; thence North 80 degrees 48 minutes East, 88.96 feet to point "B"; thence South 17 degrees 17 minutes East, 138 feet, more or less, to the water's edge of Cass Lake and there terminating. And from the point of beginning; thence North 00 degrees 07 minutes West, 630.92 feet on and along the west line of said Section 21; thence South 75 degrees 27 minutes East, 206.01 feet; thence South 35 degrees 36 minutes East, 210.68 feet; thence South 37 degrees 07 minutes East, 230.53 feet; thence South 51 degrees 18 minutes East, 124.95 feet; thence North 55 degrees 37 minutes East, 156.60 feet; thence South 48 degrees 10 minutes East, 120.58 feet; thence South 89 degrees 59 minutes East, 197.76 feet; thence South 68 degrees 28 minutes East, 195.0 feet; thence South 38 degrees 25 minutes East, 162.17 feet; thence South 56 degrees 38 minutes East, 410.58 feet; thence South 31 degrees 06 minutes West, 203.30 feet; thence South 80 degrees 48 minutes West, 14.84 feet; thence South 17 degrees 17 minutes East, 133 feet, more or less, to the water's edge of Cass Lake and there terminating. Including all riparian rights to the contained 18.0 acres, more or less and subject to all existing easements.

Subject to a perpetual road easement for ingress and egress over and across the following described land in Government Lot 1 of said section described as follows: Beginning at point "B," said point being on the southerly boundary of the above described tract; thence North 80 degrees 48 minutes East, 20.2 feet; thence South 17 degrees 17 minutes East, 33.33 feet; thence South 80 degrees 48 minutes West, 20.2 feet; thence North 17 degrees 17 minutes West, 33.33 feet to point "B" and the point of beginning.

Except that part of Government Lot 1 of Section 21, Township 146 North, Range 31 West, described as follows: Commencing at the southwest corner of said Section 21; thence North 00 degrees 07 minutes West, 1,322.12 feet along the west line of said Section 21; thence South 75 degrees 27 minutes East, 206.01 feet; thence South 35 degrees 36 minutes East, 210.68 feet; thence South 37 degrees 07 minutes East, 230.53 feet; thence South 51 degrees 18 minutes East, 124.95 feet; thence North 55 degrees 37 minutes East, 156.60 feet; thence South 48 degrees 10 minutes East, 120.58 feet; thence South 89 degrees 59 minutes East, 197.76 feet; thence South 68 degrees 28 minutes East, 195.0 feet; thence South 38 degrees 25 minutes East, 162.17 feet; thence South 56 degrees 38 minutes East, 383.52 feet, to the point of beginning; thence South 56 degrees 38 minutes East, 27.06 feet; thence South 31 degrees 06 minutes West, 203.30 feet; thence South 80 degrees 48 minutes West, 2.52 feet; thence North 15 degrees 31 minutes West, 46.80 feet; thence North 32 degrees 31 minutes East, 18.96 feet; thence North 59 degrees 39 minutes East, 58.56 feet; thence North 20 degrees 23 minutes East, 105.29 feet to the point of beginning; containing 0.1 acres.

Together with a perpetual road easement for ingress and egress over and across the Southwest Quarter of the Southwest Quarter of said section being a strip of land 33 feet wide, lying 16.5 feet on each side of the following described lines: Commencing at the southwest corner of said Section 21; thence North 00 degrees 07 minutes West, 656.4 feet on and along the west line of said section to the point of beginning; thence South 42 degrees 51 minutes East, 52.16 feet; thence South 70 degrees 04 minutes East, 214.3 feet; thence South 37 degrees 58 minutes East, 219.4 feet; thence South 49 degrees 02 minutes East, 252.6 feet; thence South 45 degrees 15 minutes East, 152.5 feet; thence South 50 degrees 19 minutes East, 119.9 feet, to the south line of Section 21 and there terminating.

Together with a perpetual road easement for ingress and egress over and across the northwesterly 16.5 feet of the following described land in Government Lot 1 and the Southwest Quarter of the Southwest Quarter of said section described as follows: Beginning at point "A," said point being on the southern boundary of the above described tract; thence North 67 degrees 06 minutes East, 442.0 feet; thence North 76 degrees 24 minutes East, 113.86 feet; thence North 80 degrees 48 minutes East, 88.96 feet; thence South 17 degrees 17 minutes East, 33.33 feet; thence South 80 degrees 48 minutes West, 92.38 feet; thence South 76 degrees 24 minutes West, 109.91 feet; thence South 67 degrees 06 minutes West, 353.28 feet; thence South 88 degrees 05 minutes West, 92.15 feet to point "A" and the point of beginning.

(d) The land borders Cass Lake. The land was acquired for a northern pike spawning area but has not been used for such purpose for 30 years. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 15. PRIVATE SALE OF SURPLUS STATE LAND; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to a political subdivision the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Carlton County and is described as: the Northeast Quarter of the Northwest Quarter of the Southeast Quarter, except state trunk highway right-of-way, Section 26, Township 49 North, Range 17 West, containing 9.324 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 16. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Carlton County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in Carlton County and is described as:

(1) part of Government Lot 1 commencing 42 rods 17 links East of the northwest corner of Section 6, Township 46, Range 18; thence South 82 rods 11 links; thence West to Bear Lake; thence West on the shoreline to the section line; thence North to the northwest corner; thence East to the beginning; except the highway right-of-way and except the part northwest of Highway 35, Docket 214412 and except commencing at the northwest corner of said Government Lot 1; thence South 0 degrees 5 minutes 51 seconds West on the west line thereof 1,176.49 feet to a point on the southeast right-of-way line of the Interstate Highway 35 frontage road; thence North 51 degrees 42 minutes 51 seconds East on said right-of-way line 209.76 feet; thence South 19 degrees 45 minutes East 120.0 feet to the point of beginning; thence North 19 degrees 45 minutes West 120.0 feet; thence North 51 degrees 42 minutes 51 seconds East 80.0 feet to the MNDOT right-of-way monument; thence South 71 degrees 36 minutes 52 seconds East 216.61 feet; thence South 3 degrees 30 minutes West 195 feet, more or less, to the shore of Bear Lake; thence westerly on said shore 215 feet, more or less, to a point which bears 2 degrees 55 minutes East from the point of beginning; thence North 2 degrees 55 minutes West 150 feet, more or less, to the point of beginning, on Docket 240622 and except commencing at the northwest corner of said Government Lot 1; thence East along the north line 704.22 feet; thence South parallel to the west line 1,360.26 feet to the actual point of beginning; thence North 739.16 feet, more or less, to the southeast right-of-way line of the I-35 frontage road; thence southwest along said right-of-way line 608.48 feet, more or less, to the MNDOT monument; thence South 71 degrees 36 minutes 52 seconds East 216.61 feet; thence South 3 degrees 30 minutes West 195 feet, more or less, to the shore of Bear Lake; thence East on said shore 285 feet, more or less, to a point which bears North 00 degrees West from the point of beginning; thence South 90 degrees East 15 feet, more or less, to the point of beginning, Docket 282721 (parcel identification number 39-010-0920); and

(2) that part of Government Lot 2 lying North of Moose Horn River, Docket 262968, 272524, and 272525, Section 11, Township 46, Range 19 (parcel identification number 39-030-1220).

(d) The county has determined that the county's land management interests would best be served if the land was sold to adjoining landowners.

Sec. 17. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Carlton County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Carlton County and is described as:

(1) the Northwest Quarter of the Southeast Quarter, Section 27, Township 48 North, Range 18 West (parcel number 33-010-6300);

(2) the Southwest Quarter of the Northeast Quarter, except that part East of the Kettle River, Section 26, Township 48 North, Range 20 West (parcel number 90-010-4630); and

(3) the Northwest Quarter of the Southeast Quarter or Government Lot 5, Section 12, Township 49 North, Range 19 West (parcel number 94-026-2020).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 18. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, and upon completion of exchange of the school trust land for acquired land, the commissioner of natural resources may sell to a school district by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to a school district for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for an educational unit managed forest and reverts to the state if the school district fails to provide for or abandons the educational unit managed forest use of the land.

(c) The land that may be sold is located in Cass County and is described as:

(1) the Southwest Quarter of the Southwest Quarter of Section 27;

(2) the Southeast Quarter of the Southeast Quarter of Section 28;

(3) Government Lot 11 of Section 33; and

(4) Government Lot 14 of Section 34,

all in Township 141 North, Range 28 West, containing a total of 98.7 acres, more or less.

(d) The land borders Nellie Lake. Independent School District No. 118, Longville, has inadvertently trespassed upon the land for the establishment of an educational unit managed forest under Minnesota Statutes, section 89.41. The commissioner of natural resources has determined that the state's land management interests would best be served if the land was managed as an educational unit managed forest. Since the land is currently school trust land, the commissioner of natural resources shall first exchange the school trust land for acquired land prior to sale.

Sec. 19. PUBLIC OR PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by public or private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to a local unit of government for less than the value of the land, as determined by the commissioner, but the conveyance must provide that the land be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Cass County and is described as: Lot 7, Block 1,

Dell's Sleepy Hollow, Cass County, Minnesota, according to the recorded plat thereof, containing 0.54 acres, more or less.

(d) The land borders Woman Lake. The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a local unit of government.

Sec. 20. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; GOODHUE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The conveyance must include the easement specified in paragraph (c). The purpose of the easement is to:

(1) provide for the development of fish habitat, including tree planting, erosion control, installation of instream structures, posting of signs, and other improvements;

(2) permit angling by the public; and

(3) provide ingress and egress through the property sold to the easement area.

(c) The land that may be sold is located in Goodhue County and is described as: that part of the Southwest Quarter of the Northeast Quarter and that part of the Northwest Quarter of the Southeast Quarter of Section 7, Township 112, Range 15, Goodhue County, Minnesota, which lie westerly of the centerline of County State-Aid Highway No. 6, containing 2.6 acres, more or less.

Reserving an easement over, under, and across that part of the above described property located within a strip of land 132 feet in width, and centered on the centerline of Spring Creek, as the same meanders through said Southwest Quarter of the Northeast Quarter and said Northwest Quarter of the Southeast Quarter.

(d) The land borders Spring Creek. The Department of Natural Resources has determined that the land is not needed for natural resource purposes provided that an easement right is retained. The land is separated from the wildlife management area by a county road and has been subject to inadvertent trespass by the adjacent landowner.

Sec. 21. PRIVATE SALE OF SURPLUS STATE LAND; HENNEPIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell to a local unit of government by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to a local unit of government for less than the value of the land, as determined by the commissioner, but the conveyance must provide that the land be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the

public use of the land.

(c) The land that may be sold is located in Hennepin County and is described as: Outlot A, Block 1, Schendel Woods, Hennepin County, Minnesota, according to the recorded plat thereof, containing 13.92 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a local unit of government. A local unit of government would like to use this parcel for a storm water runoff project.

Sec. 22. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; ITASCA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may convey to the city of Cohasset for consideration as determined by Itasca County the land described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if the city of Cohasset fails to provide for the public use described in paragraph (d) or abandons the public use of the land. As a condition of conveyance, the city of Cohasset must provide to Itasca County a survey of the property, at no cost to Itasca County. The conveyance is subject to easements, restrictions, and reservations of record. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Itasca County and is described as: that part of Government Lot 7, Section 23, Township 55 North, Range 26 West, described as follows:

Commencing at the southwest corner of the Northwest Quarter of the Southwest Quarter, Section 23, Township 55 North, Range 26 West; thence South 88 degrees 02 minutes 11 seconds East, along the south line of said Northwest Quarter of Southwest Quarter and the south line of Government Lot 7 according to the plat of HILLCREST PARK, 1,351.90 feet to the centerline of the Tioga Beach Road and the point of beginning; thence northerly along the centerline of the Tioga Beach Road 123.51 feet along a nontangential curve concave to the East, said curve having a central angle of 12 degrees 08 minutes 28 seconds, radius of 582.87 feet, a chord bearing of North 07 degrees 35 minutes 37 seconds West, chord distance 123.28 feet; thence North 01 degrees 31 minutes 24 seconds West, along the centerline of the Tioga Beach Road 167.83 feet; thence northerly along the centerline of the Tioga Beach Road 139.95 feet along a tangential curve concave to the West, said curve having a central angle of 11 degrees 26 minutes 28 seconds, radius of 700.85 feet; thence North 12 degrees 57 minutes 52 seconds West, along the centerline of the Tioga Beach Road 174.21 feet; thence northerly along the centerline of the Tioga Beach Road 70.93 feet, more or less, along a tangential curve concave to the East, said curve having a central angle of 08 degrees 46 minutes 30 seconds, radius of 463.14 feet to intersect the north line of the South 665.00 feet of Government Lot 7; thence South 88 degrees 02 minutes 11 seconds East along the north line of the South 665.00 feet of said Government Lot 7, a distance of 512.74 feet; thence South 65 degrees 39 minutes 08 seconds East, 184 feet, more or less, to the waters edge of Pokegama Lake; thence southwesterly along the waters edge of Pokegama Lake to intersect the south line of said Government Lot 7; thence North 88 degrees 02 minutes 11 seconds West, along the south line of Government Lot 7, 220 feet, more or less, to the point of the beginning and there terminating. Parcel contains approximately 690 front feet of shoreland on Pokegama Lake and 6.8 acres.

(d) The county has determined that the county's land management interests would be best served if the lands are managed for a public beach and other public recreational purposes by the city of Cohasset.

Sec. 23. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MAHNOMEN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Mahnomen County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction that prohibits buildings, structures, tree cutting, removal of vegetation, and shoreland alterations within an area 75 feet from the ordinary high water level. A 15-foot strip for lake access and a dock is allowed.

(c) The land to be sold is located in Mahnomen County and is described as:

Beginning at the northeast corner of Lot 1; thence 28 rods West to the point of beginning; thence West 7 rods; thence South to the shoreline of North Twin Lake 9 rods, more or less; thence southeast on the shoreline to a point South of the point of beginning; thence North 16 rods, more or less, to the point of beginning, all in Section 29, Township 144 North, Range 39 West (parcel number R16 029 0200).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 24. PRIVATE SALE OF SURPLUS STATE LAND; MARTIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Martin County and is described as: the North 700 feet of a strip of land 100 feet in width extending over and across the West Half of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 25, Township 101 North, Range 32 West, Martin County, Minnesota. The centerline of said strip being the centerline of the main track (now removed) of the Minnesota and Iowa Railway Company, as said centerline was originally located and established over and across said Section 25. This parcel contains 1.6 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to the adjacent landowner to improve access to the landowner's property.

Sec. 25. EXCHANGE OF STATE LAND WITHIN LAKE MARIA WILDLIFE MANAGEMENT AREA; MURRAY COUNTY.

(a) The commissioner of natural resources may, with the approval of the Land Exchange Board as required under the Minnesota Constitution, article XI, section 10, and according to the provisions of Minnesota Statutes, sections 94.343 to 94.347, exchange the land described in paragraph (b).

(b) The land that may be exchanged is located in Murray County and is described as:

(1) the North 866 feet of the South 1555 feet of the Southwest Quarter of Section 7, Township 108, Range 41, lying West of the East 450 feet thereof;

(2) the South 689 feet of the Southwest Quarter of Section 7, Township 108, Range 41; and

(3) that part of the Northeast Quarter of Section 18, Township 108, Range 41, described as follows: Commencing at the northwest corner of said Section 7, Township 108, Range 41; thence running easterly along the north line of said Section 7 a distance of 2,769.50 feet to the intersection with the centerline of the township road; thence southerly along the centerline of said township road a distance of 2,653.75 feet; thence deflecting 00 degrees 31 minutes right and continuing along the centerline of said township road a distance of 2,051.75 feet; thence easterly and parallel to the south line of the Southwest Quarter of the Southeast Quarter of said Section 7, a distance of 464 feet; thence South and parallel to the west line of the Northeast Quarter of said Section 18, a distance of 3,198.00 feet, to the south line of the Northeast Quarter of said Section 18, and the point of beginning of the land to be described; thence return northerly, along the last described course, a distance of 2,635 feet to the north line of said Northeast Quarter; thence southwesterly, a distance of 999 feet, to a point on the west line of said Northeast Quarter, distant 421.5 feet South of the northwest corner of said Northeast Quarter, thence South along said west line, to the southwest corner of said Northeast Quarter; thence East, along the south line of said Northeast Quarter, a distance of 910 feet to the point of beginning.

(c) The land was acquired in part with bonding appropriations. The exchange with the adjacent landowner will provide additional wildlife acres and additional water frontage to the state.

Sec. 26. CONVEYANCE OF SURPLUS STATE LAND; ACQUISITION; NICOLLET COUNTY.

Subdivision 1. **Conveyance of surplus land.** (a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.287, the commissioner of administration may upon recommendation of the commissioner of human services, convey to the city of St. Peter for no consideration the surplus land or any state interest in land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The commissioner of administration may grant utility easements for no consideration in conjunction with the conveyances under this section.

(c) The land to be sold is located in Nicollet County and is described as:

(1) all that part of the following described parcel lying westerly of the westerly right-of-way of Freeman Drive, formerly the Saint Peter and Belgrade Road.

Said parcel described as follows:

That part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint

Peter, Nicollet County, Minnesota, described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence South 64 degrees 37 minutes 16 seconds East, a distance of 178.6 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road; thence northeasterly, on said centerline, a distance of 98.3 feet, more or less, to the north line of said Government Lot 6; thence South 89 degrees 30 minutes 18 seconds West, on said north line; a distance of 220.5 feet, more or less, to the point of beginning;

(2) all that part of the following described parcel lying easterly of the westerly right-of-way of Freeman Drive, formerly the Saint Peter and Belgrade Road.

Said parcel described as follows:

That part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota, described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence South 64 degrees 37 minutes 16 seconds East, a distance of 178.6 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road; thence northeasterly, on said centerline, a distance of 98.3 feet, more or less, to the north line of said Government Lot 6; thence South 89 degrees 30 minutes 18 seconds West, on said north line; a distance of 220.5 feet, more or less, to the point of beginning; and

(3) that part of the East 25.00 of a 150.00 foot wide railroad right-of-way acquired in Book R page 338, in the Northeast Quarter of the Northeast Quarter of Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota, lying South of the southerly right-of-way line of Minnesota Trunk Highway No. 99, per MN/DOT Right-of-Way Map 31-68 and North of the following described line:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet; thence North 64 degrees 37 minutes 16 seconds West, a distance of 86.15 feet; thence northwesterly 127.21 feet on a tangential curve to the right, having a radius of 280.00 feet and a central angle of 26 degrees 01 minutes 59 seconds to the point of beginning of the line to be described; thence continuing northwesterly 31.24 feet on said tangential curve to the right, having a radius of 280.00 feet and a central angle of 06 degrees 23 minutes 34 seconds and there terminating.

(d) The commissioner has determined that the land is no longer needed for any state purpose and that the state's land management interests would best be served if the land was conveyed to and

used by the city of St. Peter.

Subd. 2. **Acquisition authority.** (a) Notwithstanding any law to the contrary, the commissioner of administration, upon recommendation of the commissioner of human services, may acquire from the city of St. Peter, without monetary consideration, land located in Nicollet County, described as follows:

(1) that part of the Northeast Quarter of the Northeast Quarter of Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota:

Lying East of the east line of the 150.007 foot wide railroad right-of-way acquired in Book R page 338, in said Northeast Quarter of the Northeast Quarter of Section 29;

AND

Lying South of the following described line:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence North 64 degrees 37 minutes 16 seconds West, a distance of 86.15 feet; thence northwesterly 127.21 feet on a tangential curve to the right, having a radius of 280.00 feet and a central angle of 26 degrees 01 minutes 51 seconds to the point of termination. Said point of termination being on the east line of the previously referenced railroad right-of-way and there terminating; and

(2) that part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet; thence South 64 degrees 37 minutes 16 seconds East, a distance of 179 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road, and the point of beginning; thence continuing South 64 degrees 37 minutes 16 seconds East, a distance of 25.8 feet, more or less, to the existing right-of-way of U.S. Highway No. 169, per Map 14-80; thence southwesterly along said right-of-way a distance of 91.7 feet, more or less, to the northerly line of a parcel recorded as Document No. 274882, Nicollet County records; thence northwesterly along the northerly line of said parcel a distance of 27.5 feet, more or less, to the centerline of said Freeman Drive; thence northeasterly along said centerline a distance of 93.2 feet, more or less, to the point of beginning.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to legal descriptions to correct errors and ensure accuracy.

Sec. 27. CONVEYANCE OF SURPLUS STATE LAND; OLMSTED COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources shall convey to the city of Oronoco for no consideration the surplus land that is described

in paragraph (c).

(b) The conveyance shall occur upon the operation of the reversion clause contained in the deed for the land described in paragraph (c) in accordance with Minnesota Statutes 1965, section 85.188, and after the passage of resolutions by the Olmsted County Board and the Oronoco City Council, each acknowledging that the requirements set forth in the Agreement for Transfer of Oronoco Park in the City of Oronoco to the City of Oronoco by Olmsted County have been sufficiently met to proceed with the conveyance. The conveyance must be in a form approved by the attorney general, the Olmsted County Board, and the Oronoco City Council. The conveyance must provide that the land reverts to the state if the city of Oronoco fails to maintain and operate the land as a public park. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Olmsted County and is described as:

(1) the East Half of the West Half of the Southeast Quarter of the Southeast Quarter, Section 7, Township 108 North, Range 14 West, subject to flowage rights in favor of Olmsted County; and

(2) the East Half of the Southeast Quarter of the Southeast Quarter, Section 7, Township 108 North, Range 14 West.

(d) The land is currently owned by Olmsted County and used as a public park, having been conveyed by the state according to Laws 1965, chapter 810, section 9. The 1965 law and the corresponding conveyance document require reversion to the state if the county stops operating the land as a public park. Olmsted County no longer wishes to operate the public park, but the city of Oronoco has agreed to pay consideration to Olmsted County to continue the park operation. The commissioner has determined that the state's land management interests would best be served if, upon the land's reversion to the state, the land was conveyed to and used by the city of Oronoco as a public park.

Sec. 28. PRIVATE SALE OF TAX-FORFEITED LAND; PINE COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Pine County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Pine County and is described as: the East 132 feet of the Northeast Quarter of the Southeast Quarter of Section 11, Township 42 North, Range 17 West, Wilma Township, Pine County, Minnesota, subject to a public road easement over, under, and across the West 66 feet thereof, and the East 132 feet of the Southeast Quarter of the Northeast Quarter of Section 11, Township 42 North, Range 17 West, Wilma Township, Pine County, Minnesota, subject to a public road easement over, under, and across the West 66 feet thereof.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership. The county will be able to access adjacent tax-forfeited property by the public road easement.

Sec. 29. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER;

ROSEAU COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Roseau County and is described as: Government Lot 9, Section 30, Township 163 North, Range 36 West, containing 0.15 acres, more or less.

(d) The land borders the Warroad River and is not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 30. PUBLIC OR PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND; ROSEAU COUNTY.

(a) Notwithstanding the classification and public sale provisions of Minnesota Statutes, chapters 84A and 282, Roseau County may sell by public or private sale the consolidated conservation lands that are described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The consideration for the conveyance must be for no less than the appraised value of the land and timber and survey costs. Proceeds shall be disposed of according to Minnesota Statutes, chapter 84A.

(c) The land that may be sold is located in Roseau County and is described as:

(1) that part of Government Lot 1, Section 4, Township 162 North, Range 36 West, lying southwesterly of the southwesterly right-of-way of the Canadian National Railway. Subject to the right-of-way of State Highway 11. Contains 0.75 acres, more or less; and

(2) the South Half of the South Half of the Southeast Quarter of the Northwest Quarter, Section 34, Township 159 North, Range 39 West, containing 10 acres, more or less.

(d) The lands are not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 31. PRIVATE SALE OF TAX-FORFEITED LAND; ROSEAU COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Roseau County may sell by private sale the tax-forfeited land described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Roseau County and is described as: the Northwest Quarter of the Northeast Quarter and the Southeast Quarter of the Southeast Quarter, Section 20, Township 163, Range 36.

(d) The county has determined that the county's land management interests would best be served

if the lands were returned to private ownership.

Sec. 32. PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is adjacent to a parcel described as: that part of the Northeast Quarter of the Southwest Quarter beginning on the east line at the southerly road right-of-way; thence southerly along the east line 760.07 feet; thence South 89 degrees 3 minutes 23 seconds West 290 feet; thence North 1 degree 12 minutes 54 seconds East 764.79 feet; thence East along the southerly road right-of-way 290 feet to the point of beginning, Section 20, Township 58 North, Range 15 West. St. Louis County shall sell an adjoining amount of land, determined by the county to rectify an inadvertent trespass. The sale will ensure that the buildings causing the inadvertent trespass will meet all setback requirements.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 33. PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 90, Block 75, Duluth Proper Third Division, except the West six feet of the South 50 feet of the West Half, Section 28, Township 50 North, Range 14 West;

(2) the northerly 100 feet of the Southwest Quarter of the Southwest Quarter, except the westerly 233 feet, and except the easterly 1,037 feet, Section 14, Township 51 North, Range 13 West;

(3) the South 150 feet of the Northeast Quarter of the Southeast Quarter, Section 5, Township 55 North, Range 18 West;

(4) the West 33 feet of the North 208 feet of the South 1,040 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(5) the North 45.27 feet of the South 1,085.27 feet of the West 449 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(6) the West 33 feet of the North 208 feet of the South 832 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(7) the West 33 feet of the North 208 feet of the South 624 feet of the Northwest Quarter of the

Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(8) the West 33 feet of the South 416 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West; and

(9) part of the South Half of the Southwest Quarter, Section 20, Township 58 North, Range 15 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 34. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 4, Block 4, Greenwood Beach, town of Duluth, Section 19, Township 51 North, Range 12 West;

(2) beginning at the southwest corner of Lot 4, running thence East 450 feet; thence North 200 feet; thence West 450 feet; thence South along the section line 200 feet to the point of beginning, except the northerly 40 feet, Section 7, Township 54 North, Range 19 West;

(3) the South 560 feet of the East 300 feet of the Northeast Quarter of the Southeast Quarter, except the highway right-of-way and except the North 315 feet, Section 22, Township 61 North, Range 20 West;

(4) an undivided 1/24 interest in the Southeast Quarter of the Northwest Quarter, Section 8, Township 50 North, Range 18 West;

(5) an undivided 2/15 interest in the Southwest Quarter of the Northwest Quarter, Section 20, Township 50 North, Range 18 West;

(6) an undivided 1/3 interest in the Southwest Quarter of the Southeast Quarter, Section 21, Township 50 North, Range 18 West;

(7) an undivided 1/45 interest in the Northeast Quarter of the Southeast Quarter, Section 29, Township 50 North, Range 18 West;

(8) an undivided 1/12 interest in the Northeast Quarter of the Northwest Quarter, Section 25, Township 50 North, Range 19 West;

(9) an undivided 1/12 interest in the Southeast Quarter of the Northwest Quarter, Section 25, Township 50 North, Range 19 West;

(10) an undivided 1369/68040 interest in Lot 8, except the railway right-of-way, Section 28, Township 51 North, Range 18 West; and

(11) that part of the Southeast Quarter of the Northeast Quarter of Section 10, Township 63 North, Range 18 West, St. Louis County, Minnesota, described as follows:

Assuming the northeast line of Lot 9 in the plat of MANNIKKO (PINE RIDGE) to bear North 54 degrees 11 minutes 00 seconds West, and COMMENCING from the most northerly corner of said Lot 9 run North 28 degrees 12 minutes 30 seconds East, a distance of 107.39 feet; thence South 28 degrees 12 minutes 30 seconds West, a distance of 28.19 feet; thence South 86 degrees 24 minutes 10 seconds West, a distance of 82.17 feet; thence South 77 degrees 07 minutes 31 seconds West, a distance of 77.70 feet; thence South 82 degrees 40 minutes 33 seconds West, a distance of 83.09 feet; thence South 71 degrees 26 minutes 45 seconds West, a distance of 190.55 feet; thence North 70 degrees 55 minutes 26 seconds West, a distance of 76.14 feet to a point on a nontangential curve, the center of which bears North 35 degrees 10 minutes 49 seconds West, being also a point on the east right-of-way of "Phillips Road" as it exists in January of 1995; thence northerly along said east right-of-way, on said nontangential curve, concave to the West, central angle of 88 degrees 57 minutes 37 seconds, radius of 90.00 feet, a distance of 139.74 feet; thence North 34 degrees 08 minutes 26 seconds west, along said east right-of-way, a distance of 105.00 feet to a tangential curve; thence northerly along said east right-of-way on said tangential curve, concave to the East, central angle 69 degrees 38 minutes 31 seconds, radius 68.00 feet, a distance of 82.65 feet to a point of reverse curve; thence northerly along said east right-of-way, on said reverse curve, concave to the West, central angle of 18 degrees, more or less, radius of 116.25 feet, a distance of 36.5 feet, more or less, to the south line of said Southeast Quarter of the Northeast Quarter and the POINT OF BEGINNING of the land being described; thence northerly, continuing along said curve, a distance of 96.2 feet; thence North 29 degrees 54 minutes 20 seconds West, tangent to said curve and along said east right-of-way, a distance of 16.32 feet; thence South 89 degrees 42 minutes 44 seconds East, a distance of 943.3 feet, more or less, to the east line of said Southeast Quarter of the Northeast Quarter; thence southerly, along said east line, a distance of 30 feet, more or less, to the shore of Lake Vermilion; thence southerly, along said shore, a distance of 100 feet, more or less, to the south line of said Southeast Quarter of the Northeast Quarter; thence westerly, along said south line, a distance of 880 feet, more or less, to the POINT OF BEGINNING. Containing 2.5 acres, more or less.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 35. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be up to 200 feet in width, lying 100 feet, to the extent

possible given the location of property lines, on each side of the centerline of the designated trout stream to provide riparian protection and angler access.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 22, Block 1, Wonderland 1st Addition, town of Duluth, except the highway right-of-way and including part of the adjacent vacated road, Section 17, Township 51 North, Range 12 West; and

(2) that part of the southerly 135 feet of the northerly 543 feet of the Northwest Quarter of the Southwest Quarter lying East of the westerly 968 feet and West of the Sucker River, Section 30, Township 52 North, Range 12 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 36. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the East Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West, subject to an existing easement;

(2) the North 407 feet of that part of Lot 4 lying South of the east and west centerline of Section 20, Section 20, Township 51 North, Range 16 West;

(3) Lots 1, 2, and 3, Childs Birch Grove Tracts, Grand Lake, Section 20, Township 51 North, Range 16 West;

(4) Lots 28 and 29, Briar Lake Shores 3rd Addition, North Star, Section 15, Township 53 North, Range 13 West; and

(5) the East Half of the Southeast Quarter of the Northwest Quarter, Section 26, Township 60 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 37. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be up to 200 feet in width, lying 100 feet, to the extent possible given the location of property lines, on each side of the centerline of the designated trout stream to provide riparian protection and angler access. For the parcels described in paragraph (c), clauses (6) and (7), a 33-foot strip across the easement shall be allowed for road access and utilities.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the Southwest Quarter of the Southeast Quarter, except 4.56 acres for a road and except that part lying South and West of Highway 2, Section 8, Township 50 North, Range 16 West;

(2) the East Half of the Northeast Quarter of the Northwest Quarter, except the railway right-of-way and except the highway right-of-way, Section 17, Township 51 North, Range 12 West;

(3) the West Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West;

(4) the West Half of the Southwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West;

(5) the West five acres of the South 15 acres of the North 30 acres of the Northeast Quarter of the Southeast Quarter, Section 27, Township 51 North, Range 14 West;

(6) the East Half of the Southeast Quarter of the Southeast Quarter of the Northwest Quarter, Section 27, Township 51 North, Range 14 West; and

(7) the East Half of the Northwest Quarter of the Southeast Quarter of the Northwest Quarter, except the West 25 feet, Section 27, Township 51 North, Range 14 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

**Sec. 38. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER;
ST. LOUIS COUNTY.**

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be 150 feet in width, lying 75 feet on each side of the centerline of the stream to provide riparian protection and angler access. For the parcel described in paragraph (c), clause (4), a 33-foot strip across the easement shall be allowed for road access and utilities.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the Northwest Quarter of the Southeast Quarter, except the North Half, Section 15, Township

50 North, Range 15 West;

(2) the Southeast Quarter of the Northeast Quarter, Section 19, Township 53 North, Range 20 West;

(3) the westerly 330 feet of the South Half of the Northwest Quarter of the Southwest Quarter, Section 11, Township 56 North, Range 20 West; and

(4) the Southwest Quarter of the Southwest Quarter, except the South Half of the Southwest Quarter of the Southwest Quarter and except the North ten acres, Section 34, Township 50 North, Range 15 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 39. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. For the parcel described in paragraph (c), clause (1), the easement must be 100 feet in width from the centerline of the designated trout stream to provide riparian protection and angler access. For the parcel described in paragraph (c), clause (2), the easement must be 200 feet in width from the centerline of the stream to provide riparian protection and angler access.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lots 511 through 515, Homcroft Park, town of Rice Lake, Section 34, Township 51 North, Range 14 West; and

(2) that part of the Lot 2 lying East of a line parallel with and 150 feet East of the centerline of the Duluth, Missabe and Iron Range Railway, Section 17, Township 51 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 40. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction that prohibits buildings, structures, tree cutting, removal of vegetation, and shoreland alterations within an area 100 feet in width, lying 50 feet on each side of

the centerline of streams that are tributaries to the Sand River.

(c) The land to be sold is located in St. Louis County and is described as: the North 416 feet of the East 416 feet of the Southwest Quarter of the Southwest Quarter, Section 10, Township 59 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 41. PRIVATE SALE OF SURPLUS STATE LAND; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell to a political subdivision by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Washington County and is described as:

(1) that part of the Northwest Quarter of the Northwest Quarter of Section 19, Township 32, Range 21, lying South of the centerline of Highway 97; and

(2) that part of the Southwest Quarter of Section 19, Township 32 North, Range 21 West, Washington County, Minnesota, described as follows: beginning at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 50 minutes 33 seconds East along the south line of said Southwest Quarter 1555.59 feet; thence North 11 degrees 40 minutes 58 seconds East 720.70 feet; thence North 53 degrees 20 minutes 40 seconds West 436.77 feet; thence North 45 degrees 10 minutes 18 seconds West 222.72 feet to the southerly boundary of the recorded plat of BASSWOOD ESTATES, on file and of record in the Office of the County Recorder; thence westerly along the southerly boundary of said BASSWOOD ESTATES to the southwesterly corner thereof; thence northerly along the westerly boundary of said BASSWOOD ESTATES to the most northerly corner of Lot 2 of Block 3 of said BASSWOOD ESTATES; thence westerly to a point on the west line of said Southwest Quarter 407.50 feet southerly of the northwest corner of said Southwest Quarter; thence South 00 degrees 23 minutes 19 seconds East along the west line of said Southwest Quarter 2238.63 feet to the point of beginning.

These parcels contain 57.2 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a political subdivision. A political subdivision would like to use these parcels as wetland mitigation sites.

(e) This sale is the result of the intent expressed by of the city of Columbus and Anoka County to allow the commissioner of natural resources to replace the approximately 57 acres of land with land adjacent to the Carlos Avery Wildlife Management Area from willing sellers as identified in the November 19, 2007, Department of Natural Resources' land acquisition plan.

Sec. 42. PRIVATE SALE OF SURPLUS STATE LAND; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Washington County and is described as: the West 750 feet of the East 1,130.6 feet of the North 786.72 feet of the Northwest Quarter of the Northeast Quarter of Section 15, Township 29 North, Range 20 West, containing 13.5 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes. The state's land management interests would best be served if the land was sold to an adjacent landowner, as the property described in paragraph (c) does not have legal access to a public road.

Sec. 43. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington County may sell by private sale or convey for no consideration to the United States of America, acting through the United States National Park Service, Department of the Interior, the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Washington County and is described as:

(1) Parcel A (PIN 29.031.19.22.0001): Section 29, Township 31, Range 19, Government Lot 5;

(2) Parcel B (PIN 20.031.19.22.0001): Section 20, Township 31, Range 19, Government Lot 5;

(3) Parcel C (PIN 17.031.19.32.0001): Section 17, Township 31, Range 19, Government Lot 4;

(4) Parcel D (PIN 18.032.19.11.0001): Section 18, Township 32, Range 19, Government Lot 2;
and

(5) Parcel E (PIN 18.032.19.14.0001): Section 18, Township 32, Range 19, Government Lot 3.

(d) The county has determined that the county's land management interests would best be served if the lands were sold or conveyed to the United States of America and managed by the National Park Service.

Sec. 44. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Washington County and is described as: Parcel A (PIN

09.032.21.43.0070): Lot 8, Block 3, excepting therefrom the East 200 feet thereof of Skoglund's Park Addition, as surveyed and platted and now on file and of record in the Office of the Registrar of Titles of said County of Washington, State of Minnesota.

(d) The sale would be to an adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage. The county may split the parcel described in paragraph (c), as allowed in Minnesota Statutes, section 282.01, and sell the resulting parcels if the county finds a split to be advantageous for the purpose of sale.

Sec. 45. CONVEYANCE OF DRAINAGE DISTRICT LAND; WINONA COUNTY.

The Rushford Area Drainage and Conservancy District, established by order of the Tenth Judicial District Court on February 20, 1953, was terminated on January 1, 1988, by Laws 1987, chapter 239, section 140. The land that was owned by the Rushford Area Drainage and Conservancy District in Winona County is now owned by the state of Minnesota and is hereby transferred to the commissioner of natural resources for administration and management for conservation purposes.

Sec. 46. DEPOSIT OF PROCEEDS.

Notwithstanding Minnesota Statutes, section 97A.055, subdivision 2, the proceeds resulting from the 2010 sale of a transportation road easement on the Lamprey Pass Wildlife Management Area to construct a road overpass on County Road 83 in Washington County shall be deposited in the land acquisition account established under Minnesota Statutes, section 94.165.

Sec. 47. EFFECTIVE DATE.

Sections 12 to 46 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying aquaculture provisions; modifying disposal restrictions for certain livestock taken by wild animals; modifying provisions for taking, possessing, and transporting wild animals; modifying requirements for fish and wildlife management plans; modifying penalty and license provisions; modifying invasive species control provisions; modifying certain acquisition procedures; authorizing local coyote bounties; modifying watercraft safety program; modifying certain committees; modifying method of determining value of acquired stream easements; modifying state park and state forest provisions; providing for disposition of certain proceeds; adding to and deleting from state parks and state forests; authorizing public and private sales, conveyances, and exchanges of certain state land; requiring reports; requiring rulemaking; providing criminal penalties; appropriating money; amending Minnesota Statutes 2008, sections 17.4982, subdivision 12, by adding a subdivision; 17.4991, subdivision 3; 17.4994; 35.82, subdivision 2; 84.0272, subdivision 2; 84.942, subdivision 1; 84D.03, subdivision 3; 84D.11, subdivision 2a; 84D.13, subdivision 3; 85.012, subdivision 40; 86B.101; 89.021, by adding a subdivision; 89.032, subdivision 2; 94.342, by adding a subdivision; 97A.015, subdivision 52; 97A.055, subdivision 4b; 97A.101, subdivision 3; 97A.145, subdivision 2; 97A.311, subdivision 5; 97A.331, subdivision 4, by adding a subdivision; 97A.345; 97A.421, subdivision 4a; 97A.433, by adding a subdivision; 97A.435, subdivision 1; 97A.502; 97A.535, subdivision 2a; 97A.545, subdivision 5; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.045, by adding a subdivision; 97B.075; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.325; 97B.405; 97B.515, by adding a subdivision; 97B.667; 97B.711, by adding a subdivision; 97B.803;

97C.005, subdivision 3; 97C.087, subdivision 2; 97C.205; 97C.315, subdivision 1; 97C.341; Minnesota Statutes 2009 Supplement, sections 84.95, subdivision 2; 97A.445, subdivision 1a; 97A.451, subdivision 2; 97B.055, subdivision 3; 97C.395, subdivision 1; Laws 2008, chapter 368, article 1, section 34, as amended; Laws 2009, chapter 176, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 97B; 97C; 348; repealing Minnesota Statutes 2008, sections 84.942, subdivisions 2, 3, 4; 97A.435, subdivision 5; 97B.511; 97B.515, subdivision 3; Minnesota Statutes 2009 Supplement, section 97C.346."

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

Senate Conferees: Satveer Chaudhary, Dan Skogen, Bill Ingebrigtsen

House Conferees: David Dill, John Persell, Tony Cornish

Senator Chaudhary moved that the foregoing recommendations and Conference Committee Report on S.F. No. 2900 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 2900 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 61 and nays 4, as follows:

Those who voted in the affirmative were:

Anderson	Fobbe	Langseth	Pappas	Sieben
Betzold	Foley	Latz	Parry	Skogen
Bonoff	Frederickson	Limmer	Pogemiller	Sparks
Carlson	Gerlach	Lourey	Prettner Solon	Stumpf
Chaudhary	Gimse	Lynch	Rest	Tomassoni
Clark	Hann	Marty	Robling	Torres Ray
Cohen	Higgins	Metzen	Rosen	Vandever
Dahle	Ingebrigtsen	Michel	Rummel	Vickerman
Dibble	Johnson	Moua	Saltzman	Wiger
Dille	Jungbauer	Murphy	Saxhaug	
Doll	Kelash	Olseen	Scheid	
Erickson Ropes	Koch	Olson, M.	Senjem	
Fischbach	Kubly	Ortman	Sheran	

Those who voted in the negative were:

Koering	Olson, G.	Pariseau	Skoe
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So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 3134 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 3134

A bill for an act relating to government operations; describing how to fold the state flag;

defining certain powers of the Council on Black Minnesotans; requiring fiscal notes to include information about job creation; limiting requirements for approval by individual legislators in the disposal process for certain state-owned buildings; increasing threshold requirements for deposit of agency receipts; imposing requirements on agencies for contracts over a certain amount; requiring state chief information officer to develop standards for enhanced public access to state electronic records; clarifying use of fees in the combined charities campaign; transferring membership in the Workers' Compensation Reinsurance Association from the commissioner of management and budget to the commissioner of administration; eliminating and modifying fees for certain filings with the secretary of state; authorizing grants to counties for voting equipment and vote-counting equipment; establishing the Commission on Service Innovation; allowing contiguous counties to establish a home rule charter commission; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 1.141, by adding subdivisions; 3.9225, subdivision 5; 3.98, subdivision 2; 16A.275; 16B.24, subdivision 3; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 43A.50, subdivision 2; 79.34, subdivision 1; 318.02, subdivision 1; 557.01; proposing coding for new law in Minnesota Statutes, chapters 3; 16C; proposing coding for new law as Minnesota Statutes, chapter 372A; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

May 16, 2010

The Honorable James P. Metzen
President of the Senate

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 3134 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 3134 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

STATE GOVERNMENT

Section 1. Minnesota Statutes 2008, section 3.9225, subdivision 5, is amended to read:

Subd. 5. **Powers.** (a) The council may contract in its own name, but no money shall be accepted or received as a loan nor indebtedness incurred except as otherwise provided by law. Contracts shall be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the power and duties specified in subdivisions 1 to 7.

(b) The council may solicit and accept payments for advertising, use of exhibition space, or commemorative videos or other items in connection with publications, events, media productions, and informational programs that are sponsored by the council. These revenues must be deposited in an account in the special revenue fund and are appropriated to the council to defray costs of publications, events, media productions, or informational programs consistent with the powers and

duties specified in subdivisions 1 to 7. The council may not publish advertising or provide exhibition space for any elected official or candidate for elective office. The council must report by January 15 each year to the chairs and ranking minority members of the house of representatives and senate funding divisions with jurisdiction over the council on the amount and source of each payment received under this paragraph in the prior fiscal year.

(c) The council shall appoint an executive director who is experienced in administrative activities and familiar with the problems and needs of Black people. The council may delegate to the executive director powers and duties under subdivisions 1 to 7 which do not require council approval. The executive director serves in the unclassified service and may be removed at any time by the council. The executive director shall recommend to the council, and the council may appoint the appropriate staff necessary to carry out its duties. Staff members serve in the unclassified service. The commissioner of administration shall provide the council with necessary administrative services.

Sec. 2. **[16A.0561] MAPPED DATA ON EXPENDITURES.**

(a) Data on expenditure of money from the funds as specified under sections 3.303, subdivision 10, and 116P.08, may, if practicable, be made available on the Web in a manner that allows the public to obtain information about a project receiving an appropriation by clicking on a map. To the extent feasible, the map should include or link to information about each project, including, but not limited to, the location, the name of the entity receiving the appropriation, the source of the appropriation, the amount of money received, and a general statement of the purpose of the appropriation.

(b) If requested, the Legislative Coordinating Commission may, to the extent practicable, provide relevant executive branch agencies with public geospatial data that it receives for its Web site required under section 3.303, subdivision 10. The commissioner may make this information available to the public in a similar manner as information provided under paragraph (a).

(c) In creating plans for public expenditures from all geographically locatable or project based appropriations, prospective budget and project planning should consider geographic and data reporting that would facilitate the goals of this section.

Sec. 3. Minnesota Statutes 2008, section 16A.275, is amended to read:

16A.275 AGENCY RECEIPTS; DEPOSIT, REPORT, CREDIT.

Subdivision 1. ~~If \$250, daily. Deposit receipts.~~ Except as otherwise provided by law, an agency shall deposit receipts totaling ~~\$250~~ \$1,000 or more in the state treasury daily. The depositing agency shall send a report to the commissioner on the disposition of receipts since the last report. The commissioner shall credit the deposits received during a month to the proper funds not later than the first day of the next month.

Notwithstanding the general rule stated above, the commissioner of revenue is not required to make daily deposits if (1) the volume of tax receipts cannot be processed daily with available resources, or (2) receipts cannot be immediately identified for posting to accounts.

Subd. 2. **Exception.** The commissioner may authorize an agency to deposit receipts totaling ~~\$250~~ \$1,000 or more less frequently than daily for those locations where the agency furnishes documentation to the commissioner that the cost of making daily deposits exceeds the lost interest earnings and the risk of loss or theft of the receipts.

Sec. 4. Minnesota Statutes 2008, section 16B.355, subdivision 1, as added by Laws 2010, chapter 189, section 35, is amended to read:

Subdivision 1. **Grants authorized.** Within the limits of available appropriations, the commissioner shall make grants to counties, cities, towns, and school districts to acquire, construct, or renovate public land and buildings and other public improvements of a capital nature for cooperative facilities to be owned and operated by the grantees.

Sec. 5. Minnesota Statutes 2008, section 16C.055, subdivision 2, is amended to read:

Subd. 2. **Restriction.** After July 1, 2002, an agency may not enter into a contract or otherwise agree with a nongovernmental entity to receive total nonmonetary consideration valued at more than \$100,000 annually in exchange for the agency providing nonmonetary consideration, unless such an agreement is specifically authorized by law. This subdivision does not apply to the State Lottery.

Sec. 6. Minnesota Statutes 2009 Supplement, section 16C.16, subdivision 6a, as amended by 2010 S.F. No. 2737, article 2, section 3, if enacted, is amended to read:

Subd. 6a. **Veteran-owned small businesses.** (a) The commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section except when mandated by the federal government as a condition of receiving federal funds, in the amount bid on state procurement to certified small businesses that are majority-owned and operated by:

(1) recently separated veterans who have served in active military service, at any time on or after September 11, 2001, and who have been discharged under honorable conditions from active service, as indicated by the person's United States Department of Defense form DD-214 or by the commissioner of veterans affairs;

(2) veterans with service-connected disabilities, as determined at any time by the United States Department of Veterans Affairs; or

(3) any other veteran-owned small businesses certified under section 16C.19, paragraph (d).

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

Sec. 7. Minnesota Statutes 2009 Supplement, section 16E.02, subdivision 1, is amended to read:

Subdivision 1. **Office management and structure.** (a) The chief information officer is appointed by the governor. The chief information officer serves in the unclassified service at the pleasure of the governor. The chief information officer must have experience leading enterprise-level information technology organizations. The chief information officer is the state's chief information officer and information and telecommunications technology advisor to the governor.

(b) The chief information officer may appoint other employees of the office. The staff of the office must include individuals knowledgeable in information and telecommunications technology systems and services and individuals with specialized training in information security and accessibility.

(c) The chief information officer may appoint a Webmaster responsible for the supervision and development of state Web sites under the control of the office. The Webmaster, if appointed, shall ensure that these Web sites are maintained in an easily accessible format that is consistent throughout state government and are consistent with the accessibility standards developed under section 16E.03, subdivision 9. The Webmaster, if appointed, shall provide assistance and guidance consistent with the requirements of this paragraph to other state agencies for the maintenance of other Web sites not under the direct control of the office.

Sec. 8. Minnesota Statutes 2008, section 16E.04, subdivision 2, is amended to read:

Subd. 2. **Responsibilities.** (a) In addition to other activities prescribed by law, the office shall carry out the duties set out in this subdivision.

(b) The office shall develop and establish a state information architecture to ensure:

(1) that state agency development and purchase of information and communications systems, equipment, and services is designed to ensure that individual agency information systems complement and do not needlessly duplicate or conflict with the systems of other agencies; and

(2) enhanced public access to data can be provided consistent with standards developed under section 16E.05, subdivision 4.

When state agencies have need for the same or similar public data, the chief information officer, in coordination with the affected agencies, shall manage the most efficient and cost-effective method of producing and storing data for or sharing data between those agencies. The development of this information architecture must include the establishment of standards and guidelines to be followed by state agencies. The office shall ensure compliance with the architecture.

(c) The office shall assist state agencies in the planning and management of information systems so that an individual information system reflects and supports the state agency's mission and the state's requirements and functions. The office shall review and approve agency technology plans to ensure consistency with enterprise information and telecommunications technology strategy. By January 15 of each year, the chief information officer must report to the chairs and the ranking minority members of the legislative committees and divisions with jurisdiction over the office regarding the assistance provided under this paragraph. The report must include a listing of agencies that have developed or are developing plans under this paragraph.

(d) The office shall review and approve agency requests for funding for the development or purchase of information systems equipment or software before the requests may be included in the governor's budget.

(e) The office shall review major purchases of information systems equipment to:

(1) ensure that the equipment follows the standards and guidelines of the state information architecture;

(2) ensure the agency's proposed purchase reflects a cost-effective policy regarding volume purchasing; and

(3) ensure that the equipment is consistent with other systems in other state agencies so that data can be shared among agencies, unless the office determines that the agency purchasing the

equipment has special needs justifying the inconsistency.

(f) The office shall review the operation of information systems by state agencies and ensure that these systems are operated efficiently and securely and continually meet the standards and guidelines established by the office. The standards and guidelines must emphasize uniformity that is cost-effective for the enterprise, that encourages information interchange, open systems environments, and portability of information whenever practicable and consistent with an agency's authority and chapter 13.

(g) The office shall conduct a comprehensive review at least every three years of the information systems investments that have been made by state agencies and higher education institutions. The review must include recommendations on any information systems applications that could be provided in a more cost-beneficial manner by an outside source. The office must report the results of its review to the legislature and the governor.

Sec. 9. Minnesota Statutes 2008, section 16E.05, is amended by adding a subdivision to read:

Subd. 4. **Standards for transparency.** The chief information officer, in consultation with the Information Policy Analysis Division of the Department of Administration, shall develop standards to enhance public access to electronic data maintained by state government, consistent with the requirements of chapter 13. The standards must ensure that:

- (1) the state information architecture facilitates public access to agency data;
- (2) publicly available data is managed using an approved state metadata model; and
- (3) all geospatial data conform to an approved state geocode model.

Sec. 10. Minnesota Statutes 2008, section 43A.50, subdivision 2, is amended to read:

Subd. 2. **Registration.** (a) A federated funding organization shall apply to the commissioner by March 1 in order to be eligible to participate in the state employee combined charities campaign for that year.

(b) A federated funding organization must apply in the form prescribed by the commissioner and shall provide the following:

(1) assurance of tax exempt status for the federated funding organization and each of the charitable agencies identified by the federated funding organization as an affiliated agency;

(2) assurance of proper registration with the attorney general of Minnesota to solicit contributions in the state of Minnesota for the federated funding organization and each of the charitable agencies identified by the federated funding organization as an affiliated agency. A copy of the registration letter in effect at the time of application for the state employee combined charities campaign must be available upon request;

(3) an affidavit signed by a duly constituted officer of the federated funding organization attesting to the fact that the federated funding organization and its affiliated agencies are in compliance with each of the provisions of this section;

(4) a list of the board of directors or local advisory board for the federated funding organization which identifies the members who live or work in Minnesota and contiguous counties;

(5) a list of the name and business address of each affiliated agency the federated funding organization supports;

(6) a list of any related organizations, as defined in section 317A.011, subdivision 18;

(7) the total contributions received in the organization's accounting year last reported and, from those contributions, the amounts expended by the federated funding organization for management and general costs and for fund-raising costs and the amount distributed to the affiliated agencies, programs, and designated agencies it supports; and

(8) a fee of \$100, or ten percent of the funds raised from state employees in the previous campaign, whichever is less. The fee for an organization which did not participate in the previous year's state employee campaign is \$100. These fees must be credited to an account in the special revenue fund and are appropriated to the commissioner to be expended with the approval of the Combined Charities Board in section 43A.04 for costs associated with administering the annual campaign.

The commissioner may require submission of additional information needed to determine compliance with the provisions of this chapter.

(c) The commissioner shall register or not register the application of an organization and shall notify the organization of the decision by May 1. An organization whose application is denied has ten calendar days after receiving notice of the denial to appeal the decision or file an amended application correcting the deficiency. The commissioner shall register or not register the organization within ten calendar days after receiving the appeal or amended application. If registration is denied a second time, the organization may appeal within five calendar days after receiving notice of the denial. A hearing shall be scheduled by the commissioner and shall be held within 15 calendar days after receiving notice of the appeal. The parties may mutually agree to a later date. The provisions of chapter 14 do not apply to the hearing. The hearing shall be conducted in a manner considered appropriate by the commissioner. The commissioner shall make a determination within five calendar days after the hearing has been completed.

(d) Only organizations that are approved may participate in the state employee combined charities campaign for the year of approval and only contributions to approved organizations may be deducted from an employee's pay pursuant to section 16A.134.

Sec. 11. Minnesota Statutes 2008, section 103F.755, is amended to read:

103F.755 INTEGRATION OF DATA.

The data collected for the activities of the clean water partnership program that have common value for natural resource planning must be ~~provided and integrated into the Minnesota land management information system's geographic and summary databases according to published data compatibility guidelines~~ made available using standards adopted by the Office of Enterprise Technology and geospatial technology standards and guidelines published by the Minnesota Geospatial Information Office. Costs associated with this data delivery must be borne by this activity.

Sec. 12. Minnesota Statutes 2009 Supplement, section 103H.175, subdivision 2, is amended to read:

Subd. 2. **Computerized database.** ~~The Minnesota Geospatial Information Office Agencies~~ monitoring groundwater shall maintain a computerized database ~~databases~~ of the results of groundwater quality monitoring in a manner that is using standards adopted by the Office of Enterprise Technology and geospatial technology standards and guidelines published by the Minnesota Geospatial Information Office. The data base must be accessible to the Pollution Control Agency, Department of Agriculture, Department of Health, and Department of Natural Resources. The center shall assess the quality and reliability of the data and organize the data in a usable format.

Sec. 13. **[116W.035] INFORMATION TECHNOLOGY.**

To the extent the projects or grants approved by the authority or other work of the authority impact state information systems, these information systems are subject to the jurisdiction of the Office of Enterprise Technology in chapter 16E, including, but not limited to:

- (1) evaluation and approval as specified in section 16E.03, subdivisions 3 and 4;
- (2) review to ensure compliance with security policies, guidelines, and standards as specified in section 16E.03, subdivision 7; and
- (3) assurance of compliance with accessibility standards developed under section 16E.03, subdivision 9.

Sec. 14. Minnesota Statutes 2008, section 307.08, subdivision 5, is amended to read:

Subd. 5. **Cost; use of data.** The cost of authentication, recording, surveying, and marking burial grounds and the cost of identification, analysis, rescue, and reburial of human remains on public lands or waters shall be the responsibility of the state or political subdivision controlling the lands or waters. On private lands or waters these costs shall be borne by the state, but may be borne by the landowner upon mutual agreement with the state. The data collected by this activity that has common value for resource planning must be provided and integrated into the Minnesota land management information system's geographic and summary databases according to published data compatibility guidelines. The State Archaeologist must make the data collected for this activity available using standards adopted by the Office of Enterprise Technology and geospatial technology standards and guidelines published by the Minnesota Geospatial Information Office. Costs associated with this data delivery must be borne by the state.

Sec. 15. Minnesota Statutes 2009 Supplement, section 379.05, is amended to read:

379.05 AUDITOR TO SUM UP REPORT FOR STATE, MAKE TOWN RECORD.

Each county auditor shall within 30 days after any such town is organized transmit by mail or appropriate digital technology to the commissioner of revenue, the secretary of state, the state demographer, the Minnesota Geospatial Information Office, the chief administrative law judge of the state Office of Administrative Hearings, and the commissioner of transportation an abstract of such report, giving the name and boundaries of such town and record in a book kept for that purpose a full description of each such town. The secretary of state shall distribute copies of the abstract to the commissioner of revenue, state demographer, the Minnesota Geospatial Information Office, the chief administrative law judge of the state Office of Administrative Hearings, and the commissioner of transportation.

Sec. 16. GOVERNMENT EFFICIENCY AND TRANSPARENCY STUDIES.

Subdivision 1. Data center study. (a) The state chief information officer, in consultation with the commissioner of management and budget, must study and report to the chairs and ranking minority members of the house and senate committees with jurisdiction over state government finance by January 15, 2011, on the feasibility and estimated costs of entering into a lease or lease-purchase agreement with a private nonprofit organization, involving a private sector developer, to provide a centralized data center for state agencies, using state employees, or to upgrade current facilities for purposes of data center consolidation, using state employees. The report must include a potential schedule for consolidation of existing state agency data centers, and an estimate of any savings, increased efficiencies, or performance improvements that would be achieved through this consolidation.

(b) In conducting the study required under paragraph (a), the state chief information officer shall consult with representatives of higher education and local government units to determine the feasibility and desirability of creating a shared service contract for a data center.

Subd. 2. Transparency standards. By January 15, 2011, the chief information officer shall report to the chairs and ranking minority members of the legislative committees with jurisdiction over the Office of Enterprise Technology regarding the development of the standards to enhance public access to data required under Minnesota Statutes, section 16E.05, subdivision 4. The report must describe the process for development of the standards, including the opportunity provided for public comment, and specify the components of the standards that have been implemented, including a description of the level of public use of the new opportunities for data access under the standards.

Sec. 17. BUSINESS INTELLIGENCE AND INFORMATION ANALYTICS.

The Legislative Coordinating Commission must ensure that the house of representatives and the senate have improved ability to access and analyze public data contained in executive branch accounting, procurement, and budget systems. The commission must issue a request for information for the legislature to obtain business intelligence and information analytics software or software services.

Sec. 18. EFFECTIVE DATE.

Except as otherwise provided, the sections in article 1 are effective July 1, 2010.

ARTICLE 2**GOVERNMENT REFORM****Section 1. [3.9280] COMMISSION ON SERVICE INNOVATION.**

Subdivision 1. Establishment. The Commission on Service Innovation is established to provide the legislature with a strategic plan to reengineer the delivery of state and local government services, including the realignment of service delivery by region and proximity, the use of new technologies, shared facilities, centralized information technologies, and other means of improving efficiency.

Subd. 2. Membership. (a) The commission consists of 19 members, appointed as follows:

(1) one representative of the Minnesota Chamber of Commerce;

- (2) one representative of the Minnesota Business Partnership;
- (3) one representative of the McKnight Foundation;
- (4) one representative of the Wilder Foundation;
- (5) one representative of the Bush Foundation;
- (6) one representative of the Minnesota Council of Nonprofits;
- (7) one representative of the Citizens League;
- (8) one representative of the Minnesota Association of Townships;
- (9) one representative of the Association of Minnesota Counties;
- (10) one representative of the League of Minnesota Cities;
- (11) one representative of the University of Minnesota;
- (12) one representative of the Minnesota State Colleges and Universities;
- (13) one representative of the Minnesota Association of School Administrators;
- (14) two representatives of the American Federation of State, County, and Municipal Employees, including one from council 5 and one from council 65;
- (15) one representative of the Minnesota Association of Professional Employees;
- (16) one representative of the Service Employees International Union;
- (17) one representative of the Minnesota High Tech Association; and
- (18) the state chief information officer.

(b) The appointments required by this section must be completed by June 30, 2010. Appointing authorities shall notify the state chief information officer when making their appointments. The members of the commission shall serve at the pleasure of the appointing authorities.

Subd. 3. **Organization.** (a) Within two weeks after completion of the appointments under subdivision 2, the state chief information officer shall convene the first meeting of the commission. The state chief information officer shall provide meeting space for the commission. The commission shall select co-chairpersons from its appointed membership at the first meeting. Members of the legislature may attend the meetings of the commission and participate as nonvoting members of the commission.

(b) The commission shall provide notice of its meetings to the public and to interested members of the legislature. Meetings of the commission shall be open to the public. The commission shall post all reports required under this section on the Legislative Coordinating Commission Web site.

(c) The commission may solicit and receive private contributions. The commission must designate one of its members to serve as a fiscal agent for the commission. No public money may be used to provide payment of per diems or expenses for members of the commission. The commission may hire staff to assist the commission in its work. Staff hired by the commission are

not state employees.

(d) The commission shall solicit and coordinate public input. The commission must use its best efforts to maximize public involvement in the work of the commission, including the use of best practices in social media. The commission may retain an expert in the use of social media to assist in public outreach and involvement.

Subd. 4. **Reporting.** (a) Beginning August 1, 2010, the commission shall publish electronic monthly reports on its progress, including a description of upcoming agenda items.

(b) By January 15 of each year, beginning in 2011, the commission shall report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over state government policy and finance regarding its work under this section, with a strategic plan containing findings and recommendations to improve state and local government delivery of public services. The strategic plan must address:

(1) how to enhance the public involvement and input as the public uses state and local government services and public schools;

(2) how technology can be leveraged to reduce costs and enhance quality;

(3) how service innovation will conserve substantial financial resources;

(4) a transition plan and governance structure that will facilitate high-quality innovation and change in the future;

(5) how to improve public sector employee productivity;

(6) the security of individual data and government programs;

(7) data transparency and accountability;

(8) centralized and shared services; and

(9) data interoperability across jurisdictions.

The strategic plan shall also provide a process to review and modify recommendations at regular intervals in the future based on specific results measured at regular intervals.

The strategic plan shall also include any proposed legislation necessary to implement the commission's recommendations.

Subd. 5. **Expiration.** This section expires June 30, 2012.

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

Delete the title and insert:

"A bill for an act relating to government operations; defining certain powers of the Council on Black Minnesotans; providing for mapped data on expenditures; increasing threshold requirements for deposit of agency receipts; clarifying agency requirements for contracts over a certain amount; permitting state chief information officer to appoint a state Webmaster and develop standards for public access to electronic data; clarifying use of fees in the combined charities campaign; requiring standards for data collected under the clean water partnership program; defining

jurisdiction of the Office of Enterprise Technology that impact state information systems; requiring the secretary of state to distribute copies of abstracts when town is organized; requiring a report on government efficiency and transparency; providing legislature improved access to executive branch accounting, procurement, and budget systems; establishing the commission on service innovation; appropriating money; amending Minnesota Statutes 2008, sections 3.9225, subdivision 5; 16A.275; 16B.355, subdivision 1, as added; 16C.055, subdivision 2; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 43A.50, subdivision 2; 103F.755; 307.08, subdivision 5; Minnesota Statutes 2009 Supplement, sections 16C.16, subdivision 6a, as amended if enacted; 16E.02, subdivision 1; 103H.175, subdivision 2; 379.05; proposing coding for new law in Minnesota Statutes, chapters 3; 16A; proposing coding for new law as Minnesota Statutes, chapter 116W."

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

Senate Conferees: Don Betzold, Claire Robling, Ann H. Rest, Rick Olseen, Gary Kubly

House Conferees: Phyllis Kahn, Ryan Winkler, Steve Simon, Jeremy Kalin, Steve Smith

Senator Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 3134 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 3134 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fobbe	Langseth	Pappas	Sieben
Berglin	Foley	Latz	Pariseau	Skoe
Betzold	Frederickson	Limmer	Parry	Skogen
Bonoff	Gerlach	Lourey	Pogemiller	Sparks
Carlson	Gimse	Lynch	Prettner Solon	Stumpf
Chaudhary	Hann	Marty	Rest	Tomassoni
Clark	Higgins	Metzen	Robling	Torres Ray
Cohen	Ingebrigtsen	Michel	Rosen	Vandever
Dahle	Johnson	Moua	Rummel	Vickerman
Dibble	Jungbauer	Murphy	Saltzman	Wiger
Dille	Kelash	Olseen	Saxhaug	
Doll	Koch	Olson, G.	Scheid	
Erickson Ropes	Koering	Olson, M.	Senjem	
Fischbach	Kubly	Ortman	Sheran	

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2801, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2801 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2801

A bill for an act relating to establishing complete streets program and requiring reports; amending Minnesota Statutes 2008, sections 162.02, subdivision 3a; 162.09, subdivision 3a; proposing coding for new law in Minnesota Statutes, chapter 174.

May 15, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 2801 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2801 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**LICENSE PLATES****Section 1. [168.121] SPECIAL PLATES REMEMBERING VICTIMS OF IMPAIRED DRIVERS.**

Subdivision 1. **Issuance and design.** Notwithstanding section 168.1293, the commissioner shall issue special plates remembering victims of impaired drivers to an applicant who:

- (1) is a registered owner of a passenger automobile;
- (2) pays a fee of \$10 for each set of license plates applied for; and
- (3) complies with this chapter and rules governing registration of motor vehicles and licensing

of drivers.

Subd. 2. **Design.** The commissioner shall design the special plate emblem so that it bears an inscription "Remembering Victims of Impaired Drivers" and displays an image of a broken heart.

Subd. 3. **Plates transfer.** On payment of a transfer fee of \$5, plates issued under this section may be transferred to another passenger automobile registered to the individual to whom the special plates were issued.

Subd. 4. **Record.** The commissioner shall maintain a record of the number of special plates issued under this section.

Subd. 5. **Fees credited.** Fees collected under this section must be credited to the vehicle services operating account in the special revenue fund.

EFFECTIVE DATE. This section is effective August 1, 2013.

Sec. 2. Minnesota Statutes 2008, section 168.1291, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For purposes of this section "special plates" means plates issued under sections 168.12, subdivisions 2b and 2e; 168.121; 168.1235; and 168.129.

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

Sec. 3. Minnesota Statutes 2008, section 168.1291, subdivision 2, is amended to read:

Subd. 2. **Uniform design of special plates.** (a) The commissioner shall design a single special plate that will contain a unique number and a space for a unique emblem for plates issued under sections 168.12, subdivisions 2b and 2e; 168.121; 168.1235; and 168.129. The commissioner shall design a unique emblem related to the purpose of each special plate.

(b) Any provision of sections 168.12, subdivisions 2b to 2e; 168.121; 168.123; and 168.129, that requires the placement of a specified letter or letters on a special plate applies to those plates only to the extent that the commissioner includes the letter or letters in the design.

(c) If a law authorizing a special plate contains a specific requirement for graphic design of that plate, that requirement applies to the appropriate unique emblem.

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

ARTICLE 2

ROAD CONSTRUCTION

Section 1. **STATE ROAD CONSTRUCTION APPROPRIATION.**

\$30,000,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of transportation for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts and consultant usage to support these activities. This includes the cost of actual payments to landowners for lands acquired for highway rights-of-way, payments to lessees, interest subsidies, and relocation expenses. The commissioner may use up to \$5,100,000 of this amount for program delivery.

Sec. 2. **INTERCHANGE ACCOUNT APPROPRIATION.**

\$70,000,000 is appropriated from the bond proceeds account in the trunk highway fund in fiscal year 2011 to the commissioner of transportation for construction of interchanges involving a trunk highway, where the interchange will promote economic development, increase employment, relieve growing traffic congestion, and promote traffic safety. The amount under this paragraph must be allocated 50 percent to the department's metropolitan district, and 50 percent to districts in greater Minnesota.

Sec. 3. BOND SALE EXPENSES.

\$100,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of finance for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4.

Sec. 4. TRUNK HIGHWAY BONDS AUTHORIZATION.

To provide the money appropriated in sections 1, 2, and 3 from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$100,100,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 5. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 3

TRANSPORTATION TAX COMPLIANCE

Section 1. Laws 2009, chapter 36, article 1, section 1, is amended to read:

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	2010	2011	Total
General	\$ 98,385,000	\$ 95,885,000	194,270,000
Airports	21,909,000	19,659,000	41,568,000
C.S.A.H.	496,786,000	524,478,000	1,021,264,000
M.S.A.S.	134,003,000	141,400,000	275,403,000
Special Revenue	49,038,000	49,038,000	98,076,000
H.U.T.D.	9,538,000	9,838,000	19,376,000
		10,017,000	19,555,000

106TH DAY]	SATURDAY, MAY 15, 2010		11921
		1,372,687,000	2,637,608,000
Trunk Highway	1,264,921,000	<u>1,372,496,000</u>	<u>2,637,417,000</u>
		2,212,985,000	4,287,565,000
Total	\$ 2,074,580,000	\$ <u>2,213,035,000</u>	<u>4,287,615,000</u>

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Laws 2009, chapter 36, article 1, section 5, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	\$ 152,478,000	\$ <u>152,578,000</u>	<u>152,628,000</u>
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Appropriations by Fund

	2010	2011
General	7,959,000	<u>7,971,000</u>
Special Revenue	49,038,000	<u>49,038,000</u>
H.U.T.D.	9,413,000	<u>9,713,000</u>
Trunk Highway	86,068,000	<u>9,892,000</u>
		<u>85,868,000</u>
		<u>85,677,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. Laws 2009, chapter 36, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. **State Patrol**

(a) Patrolling Highways	71,522,000	<u>71,522,000</u>	<u>71,331,000</u>
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Appropriations by Fund

General	37,000	37,000
H.U.T.D.	92,000	92,000
Trunk Highway	71,393,000	<u>71,393,000</u>
		<u>71,202,000</u>

The base appropriation from the trunk highway fund in fiscal years 2012 and 2013 is \$71,393,000 for each fiscal year.

(b) Commercial Vehicle Enforcement

7,996,000

7,796,000

This appropriation is from the trunk highway fund.

\$800,000 the first year and \$600,000 the second year are for the Office of Pupil Transportation Safety.

(c) Capitol Security

3,113,000

3,113,000

This appropriation is from the general fund.

The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money: (1) appropriated for Department of Public Safety administration, the patrolling of highways, commercial vehicle enforcement, or driver and vehicle services to capitol security; or (2) from capitol security.

(d) Vehicle Crimes Unit-0-191,000Appropriations by Fund

<u>General</u>	<u>-0-</u>	<u>12,000</u>
<u>H.U.T.D.</u>	<u>-0-</u>	<u>179,000</u>

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

This initiative is expected to result in new revenues for the biennium as follows:

(1) \$114,000 for the highway user tax distribution fund;

(2) \$75,000 for the transit assistance fund; and

(3) \$13,000 for the general fund.

The general fund appropriation for fiscal year 2011 is a onetime appropriation.

The base appropriation from the highway user tax distribution fund in fiscal years 2012 and 2013 is \$693,000 for each fiscal year.

By February 1, 2015, the commissioner shall submit a report to the house of representatives and senate committees having jurisdiction over transportation finance on the revenues generated by the Vehicle Crimes Unit. This report must be made available electronically and made available in print only upon request.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Laws 2009, chapter 36, article 1, section 5, subdivision 4, is amended to read:

Subd. 4. Driver and Vehicle Services

(a) Vehicle Services	26,909,000	27,209,000 <u>27,259,000</u>
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Appropriations by Fund

		18,973,000
Special Revenue	18,973,000	<u>19,023,000</u>
H.U.T.D.	7,936,000	8,236,000

The special revenue fund appropriation is from the vehicle services operating account.

Of the appropriation for fiscal year 2011 from the special revenue fund, \$50,000 is for assistance to the Vehicle Crimes Unit in investigations as provided under subdivision 3, paragraph (d).

(b) Driver Services	28,712,000	28,712,000
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Appropriations by Fund

Special Revenue	28,711,000	28,711,000
Trunk Highway	1,000	1,000

The special revenue fund appropriation is from the driver services operating account.

EFFECTIVE DATE. This section is effective July 1, 2010."

Delete the title and insert:

"A bill for an act relating to transportation; providing for certain special license plates; appropriating money for trunk highways; authorizing the sale of state bonds; appropriating money and changing appropriations for certain transportation and public safety programs and activities; amending Minnesota Statutes 2008, section 168.1291, subdivisions 1, 2; Laws 2009, chapter 36, article 1, sections 1; 5, subdivisions 1, 3, 4; proposing coding for new law in Minnesota Statutes, chapter 168."

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

House Conferees: Mike Obermueller, Terry Morrow

Senate Conferees: Steve Murphy, Tony Lourey, Michael Jungbauer

Senator Murphy moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2801 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2801 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 64 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Koering	Olson, M.	Scheid
Berglin	Fobbe	Kubly	Ortman	Senjem
Betzold	Foley	Langseth	Pappas	Sheran
Bonoff	Frederickson	Latz	Pariseau	Sieben
Carlson	Gerlach	Lourey	Parry	Skoe
Chaudhary	Gimse	Lynch	Pogemiller	Skogen
Clark	Hann	Marty	Prettner Solon	Sparks
Cohen	Higgins	Metzen	Rest	Stumpf
Dahle	Ingebrigtsen	Michel	Robling	Tomassoni
Dibble	Johnson	Moua	Rosen	Torres Ray
Dille	Jungbauer	Murphy	Rummel	Vickerman
Doll	Kelash	Olseen	Saltzman	Wiger
Erickson Ropes	Koch	Olson, G.	Saxhaug	

Those who voted in the negative were:

Limmer Vandever

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

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pogemiller moved that H.F. No. 1680 be taken from the table. The motion prevailed.

H.F. No. 1680: A resolution apologizing on behalf of citizens of the state to all persons with mental illness and developmental and other disabilities who have been wrongfully committed to state institutions.

SUSPENSION OF RULES

Senator Pogemiller moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 1680 and that the rules of the Senate be so far suspended as to give H.F. No. 1680 its second and third reading and place it on its final passage. The motion prevailed.

H.F. No. 1680 was read the second time.

H.F. No. 1680 was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Kubly	Pappas	Sheran
Berglin	Fischbach	Langseth	Pariseau	Sieben
Betzold	Fobbe	Latz	Pogemiller	Skoe
Bonoff	Foley	Lourey	Prettner Solon	Skogen
Carlson	Frederickson	Lynch	Rest	Sparks
Chaudhary	Gimse	Marty	Robling	Stumpf
Clark	Hann	Metzen	Rosen	Tomassoni
Cohen	Higgins	Moua	Rummel	Torres Ray
Dahle	Ingebrigtsen	Murphy	Saltzman	Vickerman
Dibble	Jungbauer	Olseen	Saxhaug	Wiger
Dille	Kelash	Olson, G.	Scheid	
Doll	Koering	Olson, M.	Senjem	

So the resolution passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Ingebrigtsen introduced –

Senate Resolution No. 202: A Senate resolution honoring the life and work of Harvey Nelson.

Referred to the Committee on Rules and Administration.

Senator Stumpf introduced –

Senate Resolution No. 203: A Senate resolution honoring Dave Lundeen.

Referred to the Committee on Rules and Administration.

Senator Stumpf introduced –

Senate Resolution No. 204: A Senate resolution honoring Norma Hanson.

Referred to the Committee on Rules and Administration.

Senator Stumpf introduced –

Senate Resolution No. 205: A Senate resolution honoring Velma LeAne Oakland on a lifetime of accomplishments.

Referred to the Committee on Rules and Administration.

MOTIONS AND RESOLUTIONS - CONTINUED

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bill was read the first time.

Senator Chaudhary introduced–

S.F. No. 3429: A bill for an act relating to natural resources; repealing the Lake Minnetonka and White Bear Lake conservation districts; repealing Minnesota Statutes 2008, sections 103B.601; 103B.605; 103B.611; 103B.615; 103B.621; 103B.625; 103B.631; 103B.635; 103B.641; 103B.645; 103B.651; 103B.655; 103B.661; 103B.665; 103B.671; 103B.675; 103B.681; 103B.683; 103B.685; 103B.691.

Referred to the Committee on Environment and Natural Resources.

MOTIONS AND RESOLUTIONS - CONTINUED

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

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3729, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3729 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3729

A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, payment, enforcement, collection, refund, and other changes to individual income; corporate franchise, estate, sales and use, local taxes, gross receipts, gross revenues, cigarette, tobacco, insurance, property, minerals, petroleum, and other taxes and tax-related provisions; requiring sunset of new tax expenditures; property tax reform, accountability, value, and efficiency provisions; modifying certain payment schedules; making changes to tax-forfeited land, emergency debt certificate, local government aid, job opportunity building zone, special service district, agricultural preserve, tax increment financing, economic development authority, and special taxing district provisions; increasing and modifying certain borrowing authorities; modifying bond allocation provisions; specifying duties of assessors; requiring studies; providing appointments; repealing political contribution refund; appropriating money; amending Minnesota Statutes 2008, sections 60A.209, subdivision 1; 82B.035, subdivision 2; 103D.335, subdivision 17; 270.075, subdivisions 1, 2; 270.41, subdivision 5; 270A.03, subdivision 7; 270C.11, subdivision 4; 270C.34, subdivision 1; 270C.52, subdivision 2; 270C.87; 270C.94, subdivision 3; 272.0213; 272.025, subdivisions 1, 3; 272.029, subdivisions 4, 7; 273.061, subdivisions 7, 8; 273.113, subdivision 3; 273.1231, subdivision 1; 273.1232, subdivision 1; 273.124, subdivisions 1, 8, 14; 273.13, subdivision 34; 273.1392; 275.71, subdivisions 4, 5; 275.75; 276.02; 276.112; 279.01, subdivision 3; 279.025; 279.37, subdivision 1; 282.01, subdivisions 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 289A.08, subdivision 7; 289A.09, subdivision 2; 289A.10, subdivision 1; 289A.12, subdivision 14; 289A.30, subdivision 2; 289A.50, subdivisions 1, 2, 4; 289A.60, subdivision 7, by adding a subdivision; 290.014, subdivision 2; 290.067, subdivision 1; 290.081; 290.0921, subdivision 3; 290.17, subdivision 2; 290.21, subdivision 4; 290A.04, subdivision 2; 290B.03, by adding a subdivision; 290B.04, subdivisions 3, 4; 290B.05, subdivision 1; 291.03, by adding a subdivision; 295.55, subdivisions 2, 3; 297A.62, as amended; 297A.665; 297A.68, subdivision 39; 297A.70, subdivision 13; 297A.71, subdivisions 23, 39; 297A.995, subdivisions 10, 11; 297F.01, subdivision 22a; 297F.04, by adding a subdivision; 297F.07, subdivision 4; 297F.25, subdivision 1; 297I.01, subdivision 9; 297I.05, subdivision 7; 297I.30, subdivisions 1, 2, 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by adding a subdivision; 298.282, subdivision 1; 428A.12; 428A.18, subdivision 2; 469.101, subdivision 1; 469.319, subdivision 5; 469.3193; 473.39, by adding a subdivision; 473H.05, subdivision 1; 474A.04, subdivision 6; 474A.091, subdivision 3; Minnesota Statutes 2009 Supplement, sections 134.34, subdivision 4; 137.025, subdivision 1; 273.114, subdivision 2; 273.124, subdivision 3a; 273.13, subdivisions 23, 25; 275.065, subdivision 3; 275.70, subdivision 5, as amended; 276.04, subdivision 2; 279.01, subdivision 1; 289A.18, subdivision 1; 289A.20, subdivision 4; 290.01, subdivisions 19a, 19b, as amended, 19d; 290.06, subdivision 2c; 290.0671, subdivision 1; 290.091, subdivision 2; 290B.03, subdivision 1; 291.005, subdivision 1, as amended; 297I.35, subdivision 2; 475.755; 477A.011, subdivision 36, as amended; 477A.013, subdivision 8; Laws 2001, First Special Session chapter 5, article 3, section 50, as amended; Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2009, chapter 88, article 2, section 49; article 4, sections 5; 23, subdivision 4; Laws 2010, chapter 216, sections 2, subdivision 3; 3, subdivision 6; by adding subdivisions; 4, subdivisions 1, 2, 4, 6, 7, 8; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 270C; 273; 296A; 524; 645; repealing Minnesota Statutes 2008, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 282.01, subdivisions 9, 10, 11; 290.06, subdivision 23; 297I.30, subdivisions 4, 5, 6; 383A.76.

May 15, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3729 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3729 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1
PROPERTY TAXES

Section 1. Minnesota Statutes 2008, section 270.075, subdivision 1, is amended to read:

Subdivision 1. **Rate of tax.** The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074, subdivision ~~2~~ 3, to generate revenues sufficient to fund the airflight property tax portion of each year's state airport fund appropriation, as certified to the commissioner by the commissioner of transportation. The certification shall be presented to the commissioner prior to December 31 of each year. The property tax portion of the state airport fund appropriation is the difference between the total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable and may include a portion of the balance in the state airports fund as determined to be available by the commissioner of transportation. If a levy amount has not been certified by September 1 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax. The certification by the commissioner of transportation to the commissioner shall state the total fund appropriation and shall list individually the estimated fund revenues including the account carryover balance in the airport fund. The difference of these amounts shall be shown as the property tax portion of the state airport fund appropriation.

If a levy amount has not been certified by December 31 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax, and shall notify the chairs and the ranking minority members of the committees of the house of representatives and senate having jurisdiction over the Department of Transportation that a certification was not made under this subdivision.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 270.075, subdivision 2, is amended to read:

Subd. 2. **Notice of taxes; payment.** As soon as practicable and not later than ~~December~~ March 1 next following the levy of the tax, the commissioner shall give actual notice to the airline company of the net tax capacity and of the tax. The taxes imposed under sections 270.071 to 270.079 shall become due and payable on ~~January~~ April 1 following the levy thereof. If any tax is not paid on the due date or, if an appeal is made pursuant to section 270.076, within 60 days after notice of an

increased tax, a late payment penalty of five percent of the unpaid tax shall be assessed. If the tax remains unpaid for more than 30 days, an additional penalty of five percent of the unpaid tax is imposed for each additional 30 days or fraction of 30 days that the tax remains unpaid. The penalty imposed under this section must not exceed the lesser of \$25,000 or 25 percent of the unpaid tax. The unpaid tax and penalty shall bear interest at the rate specified in section 270C.40 from the time such tax should have been paid until paid. All interest and penalties shall be added to the tax and collected as a part thereof.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 272.02, subdivision 31, is amended to read:

Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code that is intended to be used as a business incubator in a high-unemployment county, is exempt. As used in this subdivision, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in ~~2011~~ 2016.

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

Sec. 4. Minnesota Statutes 2008, section 272.0213, is amended to read:

272.0213 LEASED SEASONAL-RECREATIONAL LAND.

(a) A county board may elect, by resolution, to exempt from taxation, including the tax under section 273.19, qualified lands. "Qualified lands" for purposes of this section means property that:

(1) is owned by a county, city, town, or the state, ~~or the federal governments;~~

(2) is rented by the entity for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use; and

(3) was rented for the purposes specified in clause (2) and was exempt from taxation for property taxes payable in 2008.

(b) Lands owned by the federal government and rented for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use is exempt from taxation, including the tax under section 273.19.

EFFECTIVE DATE. This section is effective beginning with taxes payable in 2011.

Sec. 5. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 3a, is amended to read:

Subd. 3a. **Property no longer eligible for deferment.** (a) Real estate receiving the tax deferment under this section for assessment year 2008, but that does not qualify for the 2009 assessment year

due to changes in qualification requirements under Laws 2008, chapter 366, shall continue to qualify until: (1) the land is sold, transferred, or subdivided, or (2) the 2013 assessment, whichever is earlier, provided that the property continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

(b) Except as provided in paragraph (c), and subdivision 9, paragraph (b), when property assessed under this subdivision is withdrawn from the program or becomes ineligible, the property shall be subject to additional taxes as provided in subdivision 9.

(c) If land described in paragraph (a) is (1) sold or otherwise transferred to a son or daughter of the owner, or (2) transferred from a family farm limited liability company upon its termination to a son or daughter of an individual who had an ownership interest in the company, it will continue to qualify for treatment under this section as long as it continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3, but no later than the 2013 assessment.

(d) When property assessed under this subdivision is removed from the program and is enrolled in the rural preserve property tax law program under section 273.114, the property is not subject to the additional taxes required under this subdivision or subdivision 9.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 6. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 4, is amended to read:

Subd. 4. **Determination of value.** (a) The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors. In order to account for the presence of nonagricultural influences that may affect the value of agricultural land, the commissioner of revenue shall, in consultation with the Department of Applied Economics at the University of Minnesota, develop a fair and uniform method of determining agricultural values the average value of agricultural land for each county in the state that are consistent with this subdivision. The values must be determined using appropriate sales data. When appropriate, the commissioner may make reasonable adjustments to the values based on the most recent available county or regional data for agricultural production, commodity prices, production expenses, rent, and investment return. The commissioner shall annually assign the resulting values countywide average value to each county, and these values shall be used as the basis for determining the agricultural value for all properties in the county qualifying for tax deferral under this section. The county assessor, in consultation with the Department of Revenue, shall determine the relative value of agricultural land for each assessment district in comparison to the countywide average value, considering and giving recognition to appropriate agricultural market and soil data available.

(b) In the case of property qualifying for tax deferral only under subdivision 3a, the assessor shall not consider the presence of commercial, industrial, residential, or seasonal recreational land use influences in determining the value for ad valorem tax purposes provided that in no case shall the value exceed the value prescribed by the commissioner of revenue for class 2a tillable property in that county.

EFFECTIVE DATE. This section is effective for assessment year 2012 and thereafter.

Sec. 7. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) In this section, the terms defined in this subdivision have the meanings given them.

(b) "Conservation ~~management~~ assessment plan" means a written document approved by the soil and water conservation district providing a framework for site-specific healthy, productive, and sustainable conservation resources. A conservation ~~management~~ assessment plan must include at least the following:

- (1) conservation ~~management~~ goals for the land;
- (2) a ~~reliable field inventory of the individual conservation practices and cover types~~ United States Department of Agriculture field map;
- (3) a description of the soil type and quality;
- (4) an aerial photo or map of the vegetation and other natural features of the land clearly indicating the boundaries of the conservation land;
- (5) the proposed future conditions of the land;
- (6) prescriptions to meet proposed future conditions of the land;
- (7) a recommended timetable for implementing the prescribed practices; and
- (8) a legal description of the land encompassing the parcels included in the plan.

(c) The Board of Water and Soil Resources shall develop and distribute guidance for conservation ~~management~~ assessment plan preparation and approval.

(d) The commissioner of revenue is the final arbiter of disputes arising over plan approvals.

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

Sec. 8. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to valuation and tax deferral under this section if:

- (1) the land consists of at least ten acres;
- (2) a conservation ~~management~~ assessment plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is subject to valuation and deferral under this section;
- (3) the land must be enrolled for a minimum of ~~ten~~ eight years; ~~and~~
- (4) there are no delinquent property taxes on the land; ~~and~~

~~Real estate may~~ (5) the property is not be also enrolled for valuation and deferral under this section and section 273.111, or 273.112, or 273.117, or chapter 290C, concurrently or 473H.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 5, is amended to read:

Subd. 5. **Application and covenant agreement.** (a) Application for deferment of taxes and assessment under this section shall be filed by May 1 of the year prior to the year in which the taxes are payable. Any application filed under this subdivision and granted shall continue in effect for subsequent years until the termination of the covenant agreement under paragraph (b). The application must be filed with the assessor of the taxing district in which the real property is located on the form prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 2.

(b) The owner of the property must sign a covenant agreement that is filed with the county recorder and recorded in the county where the property is located. The covenant agreement must include all of the following:

(1) legal description of the area to which the covenant applies;

(2) name and address of the owner;

(3) a statement that the land described in the covenant must be kept as rural preserve land, which meets the requirements of subdivision 2, for the duration of the covenant;

(4) a statement that the landowner may terminate the covenant agreement by notifying the county assessor in writing ~~five~~ three years in advance of the date of proposed termination, provided that the notice of intent to terminate may not be given at any time before the land has been subject to the covenant for a period of five years;

(5) a statement that the covenant is binding on the owner or the owner's successor or assigns and runs with the land; and

(6) a witnessed signature of the owner, agreeing by covenant, to maintain the land as described in subdivision 2.

(c) After a covenant under this section has been terminated, the land that had been subject to the covenant is ineligible for subsequent valuation under this section for a period of three years after the termination.

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for ~~each lot occupied by a shareholder~~ the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land ~~for each homestead~~.

(b) The manufactured home park shall be ~~valued and assessed as if it were homestead property within class 1~~ entitled to homestead treatment if all of the following criteria are met:

(1) ~~the occupant is using the property as a permanent residence;~~

~~(2) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and~~

~~(3) (2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.~~

(c) A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to ~~member residents of the~~ a manufactured home park ~~who~~ if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (ii). The homestead market value credit under section 273.1384 does not apply and the property taxes assessed against the park shall not be included in the determination of taxes payable for rent paid under section 290A.03.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 11. Minnesota Statutes 2008, section 273.124, subdivision 8, is amended to read:

Subd. 8. Homestead owned by or leased to family farm corporation, joint farm venture, limited liability company, or partnership. (a) Each family farm corporation; each joint family farm venture; and each limited liability company or partnership which operates a family farm; is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land, and actively engaged in farming of the land owned by the family farm corporation, joint family farm venture, limited liability company, or partnership. Homestead treatment applies even if legal title to the property is in the name of the family farm corporation, joint family farm venture, limited liability company, or partnership, and not in the name of the person residing on it.

"Family farm corporation," "family farm," and "partnership operating a family farm" have the meanings given in section 500.24, except that the number of allowable shareholders, members, or partners under this subdivision shall not exceed 12. "Limited liability company" has the meaning contained in sections 322B.03, subdivision 28, and 500.24, subdivision 2, paragraphs (l) and (m). "Joint family farm venture" means a cooperative agreement among two or more farm enterprises authorized to operate a family farm under section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by family farm corporations, joint family farm ventures, limited liability companies, or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by its shareholders, members, or partners who are actively engaged in farming on behalf of that corporation, joint farm venture, limited liability company, or partnership must also be assessed as class 2a property or as class 1b property under section 273.13.

(c) Agricultural property that is owned by a member, partner, or shareholder of a family farm corporation or joint family farm venture, limited liability company operating a family farm, or by

a partnership operating a family farm and leased to the family farm corporation, limited liability company, partnership, or joint farm venture, as defined in paragraph (a), is eligible for classification as class 1b or class 2a under section 273.13, if the owner is actually residing on the property, and is actually engaged in farming the land on behalf of that corporation, joint farm venture, limited liability company, or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation, joint family farm venture, limited liability company, or partnership under the lease.

(d) Agricultural property that (1) is owned by a family farm corporation, joint farm venture, limited liability company, or partnership and (2) is contiguous to a class 2a homestead under section 273.13, subdivision 23, or if noncontiguous, is located in the same township or city, or not farther than four townships or cities, or combination thereof from a class 2a homestead, and the class 2a homestead is owned by one of the shareholders, members, or partners; is entitled to receive the first tier homestead class rate up to the first tier maximum market value on any remaining market value not received on the shareholder's, member's, or partner's homestead class 2a property. The owner must notify the county assessor by July 1 that a portion of the market value under this subdivision may be eligible for homestead classification for the current assessment year, for taxes payable in the following year.

EFFECTIVE DATE. This section is effective for assessment year 2010 and thereafter, for taxes payable in 2011 and thereafter.

Sec. 12. Minnesota Statutes 2008, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a

Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

EFFECTIVE DATE. This section is effective for assessment years 2010 and 2011, for taxes payable in 2011 and 2012.

Sec. 13. Minnesota Statutes 2008, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If an owner of property that had been classified as class 1c ceases to use that property as a homestead but retains ownership of that property and continues to operate it as a resort, and begins to occupy a second property that is located in the same township as the original class 1c property, both properties will be assessed as a single class 1c property, provided that the second property would separately qualify to be assessed as class 1c property. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The class rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation

purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011, and thereafter.

Sec. 14. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market

value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a net class rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

(e) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(f) Real estate of less than ten acres, which is exclusively or intensively used for raising or

cultivating agricultural products, shall be considered as agricultural land. To qualify under this paragraph, property that includes a residential structure must be used intensively for one of the following purposes:

(i) for drying or storage of grain or storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used to produce nursery stock are considered agricultural land;

(iii) for livestock or poultry confinement, provided that land that is used only for pasturing and grazing does not qualify; or

(iv) for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals, horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done in conjunction with on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

- (1) wholesale and retail sales;
- (2) processing of raw agricultural products or other goods;
- (3) warehousing or storage of processed goods; and
- (4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a class rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115,

subdivision 6. It has a class rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

- (1) a legal description of the property;
- (2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;
- (3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and
- (4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

(o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 15. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property under this clause must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes under this clause, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services,

or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c property classified under this clause also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year; and

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same class rate as class 4b property, and the market value of manufactured home parks assessed

under clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a class rate of one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011 and thereafter.

Sec. 16. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of the taxing authorities' regularly scheduled meetings in which the budget and levy will be discussed and the final budget and levy determined, which must occur after November 24. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at the meetings and the meetings shall not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail, except that no notice required under this section shall be interpreted as requiring the printing of a personal telephone number or address as the contact information for a taxing authority. If a taxing authority does not maintain public offices where telephone calls can be received by the authority, the authority may inform the county of the

lack of a public telephone number and the county shall not list a telephone number for that taxing authority.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond

referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about

the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective for notices prepared in 2010, for taxes payable in 2011 and thereafter.

Sec. 17. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the lesser of 3.9 percent or the percentage growth in the implicit price deflator, but the percentage shall not be less than zero or exceed 3.9 percent;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

EFFECTIVE DATE. This section is effective for taxes levied in 2010 and thereafter.

Sec. 18. Minnesota Statutes 2008, section 275.75, is amended to read:

275.75 CHARTER EXEMPTION FOR AID LOSS.

Notwithstanding any other provision of a municipal charter that limits ad valorem taxes to a lesser amount, or that would require voter approval for any increase, the governing body of a municipality may by resolution increase its levy ~~for taxes payable in 2004 and 2005 only by an amount equal to the reduction in the amount of aid it is certified to receive under sections 477A.011 to 477A.03 for that same payable year compared to the amount certified for payment in 2003 in any year by an amount equal to its special levies under section 275.70, subdivision 5, clauses 22 and 25.~~

EFFECTIVE DATE. This section is effective for levies payable in calendar year 2011 and

thereafter.

Sec. 19. Minnesota Statutes 2008, section 276.02, is amended to read:

276.02 TREASURER TO BE COLLECTOR.

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. Taxes, fines, interest, and penalties must be paid with United States currency or by check ~~or~~, money order, or electronic payments, including, but not limited to, automated clearing house transactions and federal wires drawn on a bank or other financial institution in the United States. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks or electronic payments. The charges for dishonored payment of property taxes may be added to the tax, shall constitute a lien on the property, and when collected shall be distributed to the county.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

EFFECTIVE DATE. This section is effective for property taxes payable in 2011 and thereafter.

Sec. 20. Minnesota Statutes 2009 Supplement, section 279.01, subdivision 1, is amended to read:

Subdivision 1. **Due dates; penalties.** Except as provided in subdivision 3 or 4, on May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, a penalty accrues and thereafter is charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer. The penalty is at a rate of two percent on homestead property until May 31 and four percent on June 1. The penalty on nonhomestead property is at a rate of four percent until May 31 and eight percent on June 1. This penalty does not accrue until June 1 of each year, or 21 days after the postmark date on the envelope containing the property tax statements, whichever is later, on commercial use real property used for seasonal residential recreational purposes and classified as class 1c or 4c, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. In order for the first half of the tax due on class 3a property to be paid after May 15 and before June 1, or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, without penalty, the owner of the property must attach an affidavit to the payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the first day of each month beginning July 1, up to and including October 1 following, an additional penalty of one percent for each month accrues and is charged on all such unpaid taxes provided that if the due date was extended beyond May 15 as the result of any delay in mailing property tax statements no additional penalty shall accrue if the tax is paid by the extended due date. If the tax is not paid by the extended due date, then all penalties that would have accrued if the due

date had been May 15 shall be charged. When the taxes against any tract or lot exceed ~~\$250~~ \$100, one-half thereof may be paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later; and, if so paid, no penalty attaches; the remaining one-half may be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of two percent accrues thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the first day of November an additional penalty of four percent accrues and on the first day of December following, an additional penalty of two percent accrues and is charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the first day of November and December following, an additional penalty of four percent for each month accrues and is charged on all such unpaid taxes. If one-half of such taxes are not paid prior to May 16 or 21 days after the postmark date on the envelope containing the property tax statement, whichever is later, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty attaches to the remaining one-half until October 16 following.

This section applies to payment of personal property taxes assessed against improvements to leased property, except as provided by section 277.01, subdivision 3.

A county may provide by resolution that in the case of a property owner that has multiple tracts or parcels with aggregate taxes exceeding ~~\$250~~ \$100, payments may be made in installments as provided in this subdivision.

The county treasurer may accept payments of more or less than the exact amount of a tax installment due. Payments must be applied first to the oldest installment that is due but which has not been fully paid. If the accepted payment is less than the amount due, payments must be applied first to the penalty accrued for the year or the installment being paid. Acceptance of partial payment of tax does not constitute a waiver of the minimum payment required as a condition for filing an appeal under section 278.03 or any other law, nor does it affect the order of payment of delinquent taxes under section 280.39.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 21. Minnesota Statutes 2008, section 279.025, is amended to read:

279.025 PAYMENT OF DELINQUENT PROPERTY TAXES, SPECIAL ASSESSMENTS.

Payment of delinquent property tax and related interest and penalties and special assessments shall be paid with United States currency or by check ~~or~~, money order, or electronic means, including, but not limited to, automated clearing house transactions and federal wires drawn on a bank or other financial institution in the United States.

EFFECTIVE DATE. This section is effective for property taxes payable in 2011 and thereafter.

Sec. 22. Minnesota Statutes 2008, section 428A.12, is amended to read:

428A.12 PETITION REQUIRED.

No action may be taken under sections 428A.13 and 428A.14 unless owners of ~~25~~ 50 percent or more of the housing units that would be subject to fees in the proposed housing improvement area file a petition requesting a public hearing on the proposed action with the city clerk. No action

may be taken under section 428A.14 to impose a fee unless owners of ~~25~~ 50 percent or more of the housing units subject to the proposed fee file a petition requesting a public hearing on the proposed fee with the city clerk or other appropriate official.

EFFECTIVE DATE. This section is effective for petitions filed beginning July 1, 2010.

Sec. 23. Minnesota Statutes 2008, section 428A.18, subdivision 2, is amended to read:

Subd. 2. **Requirements for veto.** If residents of ~~35~~ 45 percent or more of the housing units in the area subject to the fee file an objection to the ordinance adopted by the city under section 428A.13 with the city clerk before the effective date of the ordinance, the ordinance does not become effective. If owners of ~~35~~ 45 percent or more of the housing units' tax capacity subject to the fee under section 428A.14 file an objection with the city clerk before the effective date of the resolution, the resolution does not become effective.

EFFECTIVE DATE. This section is effective beginning July 1, 2010.

Sec. 24. Minnesota Statutes 2008, section 473H.05, subdivision 1, is amended to read:

Subdivision 1. **Before ~~March~~ June 1 for next year's taxes.** An owner or owners of certified long-term agricultural land may apply to the authority with jurisdiction over the land on forms provided by the commissioner of agriculture for the creation of an agricultural preserve at any time. Land for which application is received prior to ~~March~~ June 1 of any year shall be assessed pursuant to section 473H.10 for taxes payable in the following year. Land for which application is received on or after ~~March~~ June 1 of any year shall be assessed pursuant to section 473H.10 in the following year. The application shall be executed and acknowledged in the manner required by law to execute and acknowledge a deed and shall contain at least the following information and such other information as the commissioner deems necessary:

(a) Legal description of the area proposed to be designated and parcel identification numbers if so designated by the county auditor and the certificate of title number if the land is registered;

(b) Name and address of owner;

(c) An affidavit by the authority evidencing that the land is certified long-term agricultural land at the date of application;

(d) A statement by the owner covenanting that the land shall be kept in agricultural use, and shall be used in accordance with the provisions of sections 473H.02 to 473H.17 which exist on the date of application and providing that the restrictive covenant shall be binding on the owner or the owner's successor or assignee, and shall run with the land.

EFFECTIVE DATE. This section is effective the day following final enactment, except that in 2010 the application date in this section shall be extended to August 1.

Sec. 25. Minnesota Statutes 2008, section 477A.17, is amended to read:

477A.17 LAKE VERMILION STATE PARK AND SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.

(a) Beginning in fiscal year ~~2010~~ 2012, in lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for land acquired

for Lake Vermilion State Park, established in section 85.012, subdivision 38a, and land within the boundary of Soudan Underground Mine State Park, established in section 85.012, subdivision 53a, equal to 1.5 percent of the appraised value of the land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. The appraised value must be redetermined by the county assessor every five years after the land is acquired.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

Sec. 26. Laws 2009, chapter 88, article 2, section 49, is amended to read:

Sec. 49. TAX ABATEMENT; NEWLY CONSTRUCTED RESIDENTIAL STRUCTURES IN FLOOD-DAMAGED CITIES.

Subdivision 1. **Eligibility.** A residential structure qualifies for a tax abatement under this section if:

(1) the structure is located in a city that is eligible to designate a development zone under Minnesota Statutes, section 469.1731;

(2) the structure is located in a county designated as an emergency area under presidential declaration FEMA-3304-EM;

(3) the structure is located on property classified as class 1a, 1b, 2a, 4a, 4b, 4bb, or 4d under Minnesota Statutes, section 273.13;

(4) no part of the structure was in existence prior to January 1, 2009, unless (i) the structure is located on property classified as 1a, 1b, 2a, 4b, or 4bb; (ii) a building permit was issued and construction commenced in 2008; and (iii) as of March 26, 2009, the property was owned by the original builder, was not subject to any form of purchase contract or agreement, and had never been occupied; and

(5) construction of the structure is commenced prior to December 31, ~~2010~~ 2011. For the purposes of this clause, construction is deemed to have been commenced if a proper building permit has been issued and the mandatory footing or foundation inspection has been completed.

Subd. 2. **Application.** Application for the abatement authorized under this section must be filed by January 2 of the year following the year in which construction began, except that those qualifying structures for which construction commenced in 2008 must file an application no later than January 2, 2010, for assessment years 2010 and 2011. The application must be filed with the assessor of the county or city in which the property is located on a form prescribed by the commissioner of revenue.

Subd. 3. **Tax abated.** (a) For a property qualifying under subdivision 1 and classified as either

1a, 1b, 2a, 4b, or 4bb, the tax attributable to (1) \$200,000 of market value, or (2) the entire market value of the structure, whichever is less, shall be abated. For a property qualifying under subdivision 1 and classified as class 4a or 4d, the tax attributable to (1) \$20,000 of market value per residential unit, or (2) the entire market value of the structure, whichever is less, shall be abated.

(b) The abatement under paragraph (a) shall be in effect for two taxes payable years, corresponding to the two assessment years after construction has begun. The abatement shall not apply to any special assessments that have been levied against the property.

Subd. 4. **Reimbursement.** By May 1 of each taxes payable year in which an abatement has been authorized under this section, the auditor shall report the amount of taxes abated for each jurisdiction within the county to the commissioner of revenue, on a form prescribed by the commissioner. On or before September 1 of each taxes payable year in which an abatement has been authorized under this section, the commissioner of revenue shall reimburse each local jurisdiction for the amount of taxes abated for the year under this section.

Subd. 5. **Appropriation.** The amount necessary to make the reimbursements required under this section is annually appropriated to the commissioner of revenue from the general fund.

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

Sec. 27. Laws 2009, chapter 88, article 2, section 49, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for assessment years 2010 to ~~2012~~ 2013, for taxes payable in 2011 to ~~2013~~ 2014.

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

Sec. 28. **FISCAL DISPARITIES STUDY.**

The commissioner of revenue shall conduct a study of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter 473F, commonly known as the fiscal disparities program. By February 1, 2012, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate tax committees consisting of the findings of the study and identification of issues for policy makers to consider. The study must analyze:

(1) the extent to which the benefits of economic growth of the region are shared throughout the region, especially for growth that results from state or regional decisions;

(2) the program's impact on the variability of tax rates across jurisdictions of the region;

(3) the program's impact on the distribution of homestead property tax burdens across jurisdictions of the region; and

(4) the relationship between the impacts of the program and overburden on jurisdictions containing properties that provide regional benefits, specifically the costs those properties impose on their host jurisdictions in excess of their tax payments.

The report must include a description of other property tax, aid, and local development programs that interact with the fiscal disparities program.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 29. FUND TRANSFER FROM FISCAL DISPARITIES LEVY.

For taxes payable in 2011 only, the Metropolitan Council must certify to the Ramsey County auditor the amount of \$100,000, to be certified by the Ramsey County auditor to the administrative auditor as an addition to the Metropolitan Council's areawide levy under Minnesota Statutes, section 473F.08, subdivision 5. Upon receipt of the proceeds of this levy, the Metropolitan Council must transfer this money to the commissioner of management and budget for deposit into the general fund. One-half of the proceeds of the levy must be transferred prior to June 30, 2011.

Sec. 30. THIEF RIVER FALLS AIRPORT AUTHORITY; SPECIAL LEVY AUTHORITY.

If an airport authority is established under Minnesota Statutes, section 360.042, that includes the city of Thief River Falls within its boundaries, the authority may exercise its levy authority through a levy on the referendum market value of the area, as defined in Minnesota Statutes, section 126C.01, subdivision 3, in lieu of a levy on the net tax capacity of the area. If an authority exercises its option under this section, the intent to do so must be stated in the joint agreement establishing the authority.

EFFECTIVE DATE. This section is effective the day following final enactment, without local approval, as provided by Minnesota Statutes, section 654.023, subdivision 1, paragraph (a).

Sec. 31. CITY OF ST. CHARLES; ADDITIONAL AID, 2010 ONLY.

\$50,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of revenue to make a payment to the city of St. Charles to compensate the city for a loss of a major manufacturing facility in the city due to a fire in April 2009. The payment shall be made with the December 2010 payment under Minnesota Statutes, section 477A.015.

Sec. 32. APPROPRIATION.

The sum of \$50,000 in fiscal year 2011 and \$50,000 in fiscal year 2012 is appropriated from the general fund to the commissioner of revenue to pay for the study required under section 28. These are onetime appropriations.

ARTICLE 2

PROPERTY TAX REFORM, ACCOUNTABILITY, VALUE, AND EFFICIENCY PROVISIONS

Section 1. [6.90] COUNCIL ON LOCAL RESULTS AND INNOVATION.

Subdivision 1. **Creation.** The Council on Local Results and Innovation consists of 11 members, as follows:

(1) the state auditor;

(2) two persons appointed by the chair of the Property and Local Sales Tax Division of the house of representatives Taxes Committee;

(3) two persons appointed by the designated lead member of the largest minority party of the Property and Local Sales Tax Division of the house of representatives Taxes Committee;

(4) four persons appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee;

(5) one person appointed by the Association of Minnesota Counties; and

(6) one person appointed by the League of Minnesota Cities.

Each appointment under clauses (2) to (4) must include one person with expertise or interest in county government and one person with expertise or interest in city government. No members appointed under clauses (2) to (4) may be members of the legislature. The appointing authorities must use their best efforts to ensure that a majority of council members have experience with local performance measurement systems. The membership of the council must include geographically balanced representation as well as representation balanced between large and small jurisdictions. The appointments under clauses (2) to (6) must be made within two months of the date of enactment.

Appointees to the council under clauses (2) to (4) serve terms of four years, except that one of each of the initial appointments under clauses (2) to (4) shall serve a term of two years; each appointing agent must designate which appointee is serving the two-year term. Subsequent appointments for members appointed under clauses (2) to (4) must be made by the council, including appointments to replace any appointees who might resign from the council prior to completion of their term. Appointees under clauses (2) to (4) are not eligible to vote on appointing their successor, nor on the successors of other appointees whose terms are expiring contemporaneously. In making appointments, the council shall make all possible efforts to reflect the geographical distribution and meet the qualifications of appointees required of the initial appointees. Subsequent appointments for members appointed under clauses (5) and (6) must be made by the original appointing authority. Appointees to the council under clauses (2) to (6) may serve no more than two consecutive terms.

Subd. 2. **Duties.** (a) By February 15, 2011, the council shall develop a standard set of approximately ten performance measures for counties and ten performance measures for cities that will aid residents, taxpayers, and state and local elected officials in determining the efficacy of counties and cities in providing services, and measure residents' opinions of those services. In developing its measures, the council must solicit input from private citizens. Counties and cities that elect to participate in the standard measures system shall report their results to the state auditor under section 6.91, who shall compile the results and make them available to all interested parties by publishing them on the auditor's Web site and report them to the legislative tax committees. Each year after the initial designation of performance measures, the council shall evaluate the usefulness of the standard set of performance measures and may revise the set by adding or removing measures as it deems appropriate.

(b) By February 15, 2012, the council shall develop minimum standards for comprehensive performance measurement systems, which may vary by size and type of governing jurisdiction.

(c) In addition to its specific duties under paragraphs (a) and (b), the council shall generally promote the use of performance measurement for governmental entities across the state and shall serve as a resource for all governmental entities seeking to implement a system of local performance measurement. The council may highlight and promote systems that are innovative, or are ones that it deems to be best practices of local performance measurement systems across the state and nation. The council should give preference in its recommendations to systems that are results-oriented. The council may, with the cooperation of the state auditor, establish and foster a collaborative network of

practitioners of local performance measurement systems. The council may support the Association of Minnesota Counties and the League of Minnesota Cities to seek and receive private funding to provide expert technical assistance to local governments for the purposes of replicating best practices.

Subd. 3. **Reports.** (a) The council shall report its initial set of standard performance measures to the Property and Local Sales Tax Division of the house of representatives Taxes Committee and the Taxes Division on Property Taxes of the senate Taxes Committee by February 28, 2011.

(b) By February 1 of each subsequent year, the council shall report to the committees with jurisdiction over taxes in the house of representatives and the senate on participation in and results of the performance measurement system, along with any revisions in the standard set of performance measures for the upcoming year. These reports may be made by the state auditor in lieu of the council if agreed to by the auditor and the council.

Subd. 4. **Operation of council.** (a) The state auditor shall convene the initial meeting of the council.

(b) The chair of the council shall be elected by the members. Once elected, a chair shall serve a term of two years.

(c) Members of the council serve without compensation.

(d) Council members shall share and rotate responsibilities for administrative support of the council.

(e) Chapter 13D does not apply to meetings of the council. Meetings of the council must be open to the public and the council must provide notice of a meeting on the state auditor's Web site at least seven days before the meeting. A meeting of the council occurs when a quorum is present.

(f) The council must meet at least two times prior to the initial release of the standard set of measurements. After the initial set has been developed, the council must meet a minimum of once per year.

Subd. 5. **Termination.** The council expires on January 1, 2020.

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

Sec. 2. **[6.91] LOCAL PERFORMANCE MEASUREMENT AND REPORTING.**

Subdivision 1. **Reports of local performance measures.** (a) A county or city that elects to participate in the standard measures program must report its results to its citizens annually through publication, direct mailing, posting on the jurisdiction's Web site, or through a public hearing at which the budget and levy will be discussed and public input allowed.

(b) Each year, jurisdictions participating in the local performance measurement and improvement program must file a report with the state auditor by July 1, in a form prescribed by the auditor. All reports must include a declaration that the jurisdiction has complied with, or will have complied with by the end of the year, the requirement in paragraph (a). For jurisdictions participating in the standard measures program, the report shall consist of the jurisdiction's results for the standard set of performance measures under section 6.90, subdivision 2, paragraph (a). In 2012, jurisdictions participating in the comprehensive performance measurement program must

submit a resolution approved by its local governing body indicating that it either has implemented or is in the process of implementing a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b). In 2013 and thereafter, jurisdictions participating in the comprehensive performance measurement program must submit a statement approved by its local governing body affirming that it has implemented a local performance measurement system that meets the minimum standards specified by the council under section 6.90, subdivision 2, paragraph (b).

Subd. 2. **Benefits of participation.** (a) A county or city that elects to participate in the standard measures program for 2011 is: (1) eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity; and (2) exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2012, if levy limits are in effect.

(b) Any county or city that elects to participate in the standard measures program for 2012 is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in 2013 if levy limits are in effect.

(c) Any county or city that elects to participate in the standard measures program for 2013 or any year thereafter is eligible for per capita reimbursement of \$0.14 per capita, but not to exceed \$25,000 for any government entity. Any jurisdiction participating in the comprehensive performance measurement program for 2013 or any year thereafter is exempt from levy limits under sections 275.70 to 275.74 for taxes payable in the following year, if levy limits are in effect.

Subd. 3. **Certification of participation.** (a) The state auditor shall certify to the commissioner of revenue by August 1 of each year the counties and cities that are participating in the standard measures program and the comprehensive performance measurement program.

(b) The commissioner of revenue shall make per capita aid payments under this section on the second payment date specified in section 477A.015, in the same year that the measurements were reported.

(c) The commissioner of revenue shall notify each county and city that is entitled to exemption from levy limits by August 10 of each levy year.

Subd. 4. **Appropriation.** (a) The amount necessary to fund obligations under subdivision 2 is annually appropriated from the general fund to the commissioner of revenue.

(b) The sum of \$6,000 in fiscal year 2011 and \$2,000 in each fiscal year thereafter is annually appropriated from the general fund to the state auditor to carry out the auditor's responsibilities under sections 6.90 to 6.91.

EFFECTIVE DATE. This section is effective December 31, 2010.

Sec. 3. **[270C.991] PROPERTY TAX SYSTEM BENCHMARKS AND CRITICAL INDICATORS.**

Subdivision 1. **Purpose.** State policy makers should be provided with the tools to create a more accountable and efficient property tax system. This section provides the principles and available tools necessary to work toward achieving that goal.

Subd. 2. **Property tax principles.** To better evaluate the various property tax proposals that come before the legislature, the following basic property tax principles should be taken into consideration. The property taxes proposed should be:

- (1) transparent and understandable;
- (2) simple and efficient;
- (3) equitable;
- (4) stable and predictable;
- (5) compliance and accountability;
- (6) competitive, both nationally and globally; and
- (7) responsive to economic conditions.

Subd. 3. **Major indicators.** There are many different types of indicators available to legislators to evaluate tax legislation. Indicators are useful to have available as benchmarks when legislators are contemplating changes. Each tool has its own limitation, and no one tool is perfect or should be used independently. Some of the tools measure the global characteristics of the entire tax system, while others are only a measure of the property tax impacts and its administration. The following is a list of the available major indicators:

- (1) property tax principles scale, the components of which are listed in subdivision 2, as they relate to the various features of the property tax system;
- (2) price of government report, as required under section 16A.102;
- (3) tax incidence report, as required under section 270C.13;
- (4) tax expenditure budget and report, as required under section 270C.11;
- (5) state tax rankings;
- (6) property tax levy plus aid data, and market value and net tax capacity data, by taxing district for current and past years;
- (7) effective tax rate (tax as a percent of market value) and the equalized effective tax rate (effective tax rate adjusted for assessment differences);
- (8) assessment sales ratio study, as required under section 127A.48;
- (9) "Voss" database, which matches homeowner property taxes and household income;
- (10) revenue estimates under section 270C.11, subdivision 5, and state fiscal notes under section 477A.03, subdivision 2b; and
- (11) local impact notes under section 3.987.

Subd. 4. **Property tax working group.** (a) A property tax working group is established as provided in this subdivision. The goals of the working group are:

- (1) to investigate ways to simplify the property tax system and make advisory recommendations

on ways to make the system more understandable;

(2) to reexamine the property tax calendar to determine what changes could be made to shorten the two-year cycle from assessment through property tax collection; and

(3) to determine the cost versus the benefits of the various property tax components, including property classifications, credits, aids, exclusions, exemptions, and abatements, and to suggest ways to achieve some of the goals in simpler and more cost-efficient ways.

(b) The 13-member working group shall consist of the following members:

(1) two state representatives, both appointed by the chair of the house of representatives Taxes Committee, one from the majority party and one from the largest minority party;

(2) two senators appointed by the Subcommittee on Committees of the Senate Rules and Administration Committee, one from the majority party and one from the largest minority party;

(3) the commissioner of revenue, or designee;

(4) one person appointed by the Association of Minnesota Counties;

(5) one person appointed by the League of Minnesota Cities;

(6) one person appointed by the Minnesota Association of Townships;

(7) one person appointed by the Minnesota Chamber of Commerce;

(8) one person appointed by the Minnesota Association of Assessing Officers;

(9) two homeowners, one who is under 65 years of age, and one who is 65 years of age or older, both appointed by the commissioner of revenue; and

(10) one person jointly appointed by the Minnesota Farm Bureau and the Minnesota Farmers Union.

The commissioner of revenue shall chair the initial meeting, and the working group shall elect a chair at that initial meeting. The working group will meet at the call of the chair. Members of the working group shall serve without compensation. The commissioner of revenue must provide administrative support to the working group. Chapter 13D does not apply to meetings of the working group. Meetings of the working group must be open to the public and the working group must provide notice of a meeting to potentially interested persons at least seven days before the meeting. A meeting of the council occurs when a quorum is present.

(c) The working group shall make its advisory recommendations to the chairs of the house of representatives and senate Taxes Committees on or before February 1, 2012, at which time the working group shall be finished and this subdivision expires. The advisory recommendations should be reviewed by the Taxes Committee under subdivision 5.

Subd. 5. **Taxes Committee review and resolution.** On or before March 1, 2012, and every two years thereafter, the house of representatives and senate Taxes Committees must review the major indicators as contained in subdivision 3, and ascertain the accountability and efficiency of the property tax system. The house of representatives and senate Taxes Committees shall prepare a resolution on targets and benchmarks for use during the current biennium.

Subd. 6. **Department of Revenue; revenue estimates.** As provided under section 270C.11, subdivision 5, the Department of Revenue is required to prepare an estimate of the effect on the state's tax revenues which result from the passage of a legislative bill establishing, extending, or restricting a tax expenditure. Beginning with the 2011 legislative session, those revenue estimates must also identify how the property tax principles contained in subdivision 2 apply to the proposed tax changes. The commissioner of revenue shall develop a scale for measuring the appropriate principles for each proposed change. The department shall quantify the effects, if possible, or at a minimum, shall identify the relevant factors so that legislators are aware of possible outcomes, including administrative difficulties and cost. The interaction of property tax shifting should be identified and quantified to the degree possible.

Subd. 7. **Appropriation.** The sum of \$30,000 in fiscal year 2011 and \$25,000 in each fiscal year thereafter is appropriated from the general fund to the commissioner of revenue to carry out the commissioner's added responsibilities under subdivision 6.

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

ARTICLE 3

INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2008, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. A composite

estimate may, however, be filed in a manner similar to and containing the information required under paragraph (a).

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to (10), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause ~~(9)~~ (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b, clause ~~(14)~~ (13). The subtraction allowed under section 290.01, subdivision 19b, clause ~~(9)~~ (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

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

Sec. 2. Minnesota Statutes 2008, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

- (1) name of the person;
- (2) the name of the employee or payee and the employee's or payee's Social Security account

number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1, must be filed with the commissioner on or before February 28 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) The employer must submit the statements required to be sent to the commissioner in the same manner required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code and the regulations issued under it. ~~For wages paid in calendar year 2008, An employer must submit statements to the commissioner required by this section by electronic means if the employer is required to send more than 400 25 statements to the commissioner, even though the employer is not required to submit the returns federally by electronic means. For calendar year 2009, the 100 statements threshold is reduced to 50, and for calendar year 2010, the threshold is reduced to 25, and for statements issued for wages paid in 2011 and after, the threshold is reduced to ten. All statements issued for withholding required under section 290.92 are aggregated for purposes of determining whether the electronic submission threshold is met.~~

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

EFFECTIVE DATE. This section is effective for statements required to be filed after December 31, 2010.

Sec. 3. Minnesota Statutes 2008, section 289A.12, subdivision 14, is amended to read:

Subd. 14. **Regulated investment companies; reporting exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual

who is a resident of Minnesota must make a return indicating the amount of the exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the shareholder ~~no later than 30 days after the close of the taxable year~~ by February 15 of the year following the year of the payment. The return provided to the shareholder must include a clear statement, in the form prescribed by the commissioner, that the exempt-interest dividends must be included in the computation of Minnesota taxable income. ~~The regulated investment company is required in a manner prescribed by the commissioner to file a copy of the return with the commissioner.~~ By June 1 of each year, the regulated investment company must file a copy of the return with the commissioner.

(b) This subdivision applies to regulated investment companies required to register under chapter 80A.

(c) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.01, subdivision 19a, clause (1)(ii).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for returns due after December 31, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on ~~March 15 following the close of the calendar year~~ the due date for filing the federal income tax return;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the ~~15th day of the third month following the close of the fiscal year~~ due date for filing the federal income tax return;

(3) returns for a fractional part of a year must be filed on the ~~15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made,~~ except that the returns of corporations must be filed on the 15th day of the third month following the end of the tax year; or, in the case of a corporation which is a member of a unitary group, the return of the corporation must be filed on the 15th day of the third month following the end of the tax year of the unitary group in which falls the last day of the period for which the return is made due date for filing the federal income tax return;

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.17, subdivision 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the commissioner.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 5. Minnesota Statutes 2008, section 289A.30, subdivision 2, is amended to read:

Subd. 2. **Estate tax.** Where good cause exists, the commissioner may extend the time for payment of estate tax for a period of not more than six months. If an extension to pay the federal estate tax has been granted under section 6161 of the Internal Revenue Code, the time for payment of the estate tax without penalty is extended for that period. A taxpayer who owes at least \$5,000 in taxes and who, under section 6161 or 6166 of the Internal Revenue Code has been granted an extension for payment of the tax shown on the return, may elect to pay the tax due to the commissioner in equal amounts at the same time as required for federal purposes. A taxpayer electing to pay the tax in installments shall defer a percentage of tax that does not exceed the percentage of federal tax deferred and must notify the commissioner in writing no later than nine months after the death of the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, unless it is shown that the failure is due to reasonable cause, the election is revoked and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after the date on which the installment was payable.

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

Sec. 6. Minnesota Statutes 2008, section 289A.50, subdivision 4, is amended to read:

Subd. 4. **Notice of refund.** The commissioner shall determine the amount of refund, if any, that is due, and notify the taxpayer of the determination as soon as practicable after a claim has been filed.

If the commissioner determines that the address provided by the taxpayer to claim a refund

is invalid or is no longer the current address of the taxpayer, then the date of the mailing of the notification provided under this subdivision is considered the date that the refund is paid for purposes of the payment of interest under section 289A.56 and is considered the date of issuance of the original warrant or check for purposes of issuing a new warrant or check under section 270C.347.

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

Sec. 7. Minnesota Statutes 2008, section 289A.60, subdivision 7, is amended to read:

Subd. 7. **Penalty for frivolous return.** If a taxpayer files what purports to be a tax return or a claim for refund but which does not contain information on which the substantial correctness of the purported return or claim for refund may be judged or contains information that on its face shows that the purported return or claim for refund is substantially incorrect and the conduct is due to a position that is frivolous or a desire that appears on the purported return or claim for refund to delay or impede the administration of Minnesota tax laws, then the ~~individual~~ taxpayer shall pay a penalty of the greater of \$1,000 or 25 percent of the amount of tax required to be shown on the return. In a proceeding involving the issue of whether or not a ~~person~~ taxpayer is liable for this penalty, the burden of proof is on the commissioner.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to returns filed after that date.

Sec. 8. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

(1)(i) interest income on obligations of any state other than Minnesota or a political or governmental subdivision, municipality, or governmental agency or instrumentality of any state other than Minnesota exempt from federal income taxes under the Internal Revenue Code or any other federal statute; and

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

(B) the portion of the exempt-interest dividends derived from interest income on obligations of the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

(iii) for the purposes of items (i) and (ii), interest on obligations of an Indian tribal government described in section 7871(c) of the Internal Revenue Code shall be treated as interest income on obligations of the state in which the tribe is located;

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

(3) the capital gain amount of a lump-sum distribution to which the special tax under section 1122(h)(3)(B)(ii) of the Tax Reform Act of 1986, Public Law 99-514, applies;

(4) the amount of income taxes paid or accrued within the taxable year under this chapter and taxes based on net income paid to any other state or any province or territory of Canada, to the extent allowed as a deduction in determining federal adjusted gross income. For the purpose of this paragraph, income taxes do not include the taxes imposed by sections 290.0922, subdivision 1, paragraph (b), 290.9727, 290.9728, and 290.9729;

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

(6) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code;

(7) 80 percent of the depreciation deduction allowed under section 168(k) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k) is allowed;

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

(9) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code.

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

Sec. 9. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19b, as amended by Laws 2010, chapter 187, section 2, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over \$500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

~~(7) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;~~

~~(8)~~ (7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

~~(9)~~ (8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;

~~(10)~~ (9) job opportunity building zone income as provided under section 469.316;

~~(11)~~ (10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

~~(12)~~ (11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota under United States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of the United Nations;

~~(13)~~ (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified

donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

~~(15)~~ (14) to the extent included in federal taxable income, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

~~(16)~~ (15) international economic development zone income as provided under section 469.325;

~~(17)~~ (16) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program; and

~~(18)~~ (17) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (16).

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt

from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota,

another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

(11) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(12) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(14) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(15) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;~~

~~(16)~~ (15) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

~~(17)~~ (16) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The resulting delayed depreciation cannot be less than zero;

~~(19)~~ (18) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the amount of the addition; and

~~(20)~~ (19) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the

income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19c, clause (25).

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

Sec. 11. Minnesota Statutes 2008, section 290.014, subdivision 2, is amended to read:

Subd. 2. **Nonresident individuals.** Except as provided in section 290.015, a nonresident individual is subject to the return filing requirements and to tax as provided in this chapter to the extent that the income of the nonresident individual is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the estate;

(3) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character that is taxable under this chapter) in the individual's capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the trust;

(4) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the partnership; or

(5) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a shareholder of a corporation treated as an "S" corporation under section 290.9725, and income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the corporation; or

(6) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as the sole member of a limited liability company that is disregarded for federal income tax purposes, with income allocable to this state under section 290.17, 290.191, or 290.20, as though realized by the individual directly from the source from which it was realized by

the limited liability company.

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first \$25,680, 5.35 percent;
- (2) On all over \$25,680, but not over \$102,030, 7.05 percent;
- (3) On all over \$102,030, 7.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$17,570, 5.35 percent;
- (2) On all over \$17,570, but not over \$57,710, 7.05 percent;
- (3) On all over \$57,710, 7.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first \$21,630, 5.35 percent;
- (2) On all over \$21,630, but not over \$86,910, 7.05 percent;
- (3) On all over \$86,910, 7.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17).

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

Sec. 13. Minnesota Statutes 2008, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

(1) has a child who has not attained the age of one year at the close of the taxable year;

(2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.01, subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

For residents of Minnesota, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(11)~~ (10) and ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 1.9125 percent of the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned income or adjusted gross income, whichever is greater, in excess of \$5,770, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 8.5 percent of the first \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income, whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ten percent of the first \$9,720 of earned income and 20 percent of earned income over \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage

calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(11)~~ (10) and ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

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

Sec. 15. Minnesota Statutes 2008, section 290.081, is amended to read:

290.081 INCOME OF NONRESIDENTS, RECIPROCITY.

(a) The compensation received for the performance of personal or professional services within this state by an individual whose residence, place of abode, and place customarily returned to at least once a month is in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.

(b) When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of paragraph (a) shall not apply. As long as the provisions of paragraph (a) apply between Minnesota and Wisconsin, the provisions of paragraph (a) shall apply to any individual who is domiciled in Wisconsin.

(c) For the purposes of paragraph (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without paragraph (a) exceeds the Minnesota tax on Wisconsin

residents which would have been paid Minnesota without paragraph (a), or vice versa, then the state with the net revenue loss resulting from paragraph (a) ~~shall receive from~~ must be compensated by the other state the amount of such loss as provided in the agreement under paragraph (d). This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

(d) Interest is payable on all amounts calculated under paragraph (c) relating to taxable years beginning after December 31, 2000. Interest accrues from July 1 of the taxable year. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the compensation required under paragraph (b), the reciprocity payment due date, conditions constituting delinquency, interest rates, and a method for computing interest due. Calculation of compensation under the agreement must specify if the revenue loss is determined before or after the allowance of each state's credit for taxes paid to the other state.

(e) If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chair. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

(f) The commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that the person will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 16. Minnesota Statutes 2009 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (12), (13), (16), and (17);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income;

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), ~~(9)~~ (8) to ~~(16)~~ (15), and ~~(18)~~ (17).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Net minimum tax" means the minimum tax imposed by this section.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

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

Sec. 17. Minnesota Statutes 2008, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.

(2) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining alternative minimum taxable income.

(3) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause ~~(18)~~ (17), is allowed as a depreciation deduction in determining alternative minimum taxable income.

(4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(6) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(8) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).

(9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(10) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(11) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.

(12) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(13) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9), or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (10).

(14) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

(15) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.

(16) Alternative minimum taxable income excludes the income from operating in an international economic development zone as provided under section 469.326.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

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

Sec. 18. Minnesota Statutes 2008, section 290.17, subdivision 2, is amended to read:

Subd. 2. **Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a) and (f) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the

employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by

section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

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

Sec. 19. Laws 2010, chapter 216, section 2, subdivision 3, is amended to read:

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must (1) be a natural person; and (2) certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

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

ARTICLE 4

SALES AND USE TAXES

Section 1. Minnesota Statutes 2008, section 289A.50, subdivision 2, is amended to read:

Subd. 2. **Refund of sales tax to vendors; limitation.** (a) If a vendor has collected from a purchaser and remitted to the state a tax on a transaction that is not subject to the tax imposed by

chapter 297A, the tax is refundable to the vendor only if and to the extent that the tax and any interest earned on the tax is credited to amounts due to the vendor by the purchaser or returned to the purchaser by the vendor.

(b) In addition to the requirements of subdivision 1, a claim for refund under this subdivision must state in writing that the tax and interest earned on the tax has been or will be refunded or credited to the purchaser by the vendor.

(c) Within 60 days after the date the commissioner issues the refund, any amount not refunded or credited to the purchaser by the vendor, as required by paragraph (a), must be returned to the commissioner by the vendor.

(d) After the commissioner refunds the tax and interest to the vendor, if the commissioner determines that the vendor did not refund or credit the tax and interest as provided in this subdivision, or did not return the amount required to be returned under paragraph (c), the commissioner may assess the vendor for underpayment of tax and interest equal to that portion of the amount that was not refunded or credited to the purchaser. The assessment bears interest which is computed at the rate specified in section 270C.40, subdivision 5, on the unpaid amount from the date the commissioner issues the refund until the date the amount is paid to the commissioner. The assessment may be made at any time within 3-1/2 years after the commissioner refunds the tax and interest to the vendor. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

EFFECTIVE DATE. This section is effective for refunds issued after June 30, 2010.

Sec. 2. Minnesota Statutes 2008, section 297A.62, as amended by Laws 2009, chapter 88, article 4, section 4, is amended to read:

297A.62 SALES TAX IMPOSED; RATES.

Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

Subd. 1a. **Constitutionally required sales tax increase.** Except as otherwise provided in subdivision 3 or in this chapter, an additional sales tax of 0.375 percent, as required under the Minnesota Constitution, article XI, section 15, is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1. This additional tax expires July 1, 2034.

Subd. 3. **Manufactured housing and park trailers.** For retail sales of manufactured homes as defined in section 327.31, subdivision 6, for residential uses, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the dealer's cost of the manufactured home. For retail sales of new or used park trailers, as defined in section 168.002, subdivision 23, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the sales price of the park trailer.

Subd. 4. **Combined rates.** In this chapter, wherever there is a reference to the rate under subdivision 1, or to a combined rate under subdivisions 1 and 1a, the rate to be applied is the

combined rate under subdivisions 1 and 1a until the additional tax imposed by subdivision 1a expires. This subdivision does not apply to section 297A.65.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2009, except for sales and purchases subject to subdivision 3. This section is effective for sales and purchases subject to subdivision 3 made after June 30, 2010.

Sec. 3. Minnesota Statutes 2008, section 297A.665, is amended to read:

297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax, until the contrary is established, it is presumed that:

(1) all gross receipts are subject to the tax; and

(2) all retail sales for delivery in Minnesota are for storage, use, or other consumption in Minnesota.

(b) The burden of proving that a sale is not a taxable retail sale is on the seller. However, a seller is relieved of liability if:

(1) the seller obtains a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, at the time of the sale or within 90 days after the date of the sale; or

(2) if the seller has not obtained a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, within the time provided in clause (1), within 120 days after a request for substantiation by the commissioner, the seller either:

(i) obtains in good faith a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, from the purchaser; or

(ii) proves by other means that the transaction was not subject to tax.

(c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

(1) fraudulently fails to collect the tax; or

(2) solicits purchasers to participate in the unlawful claim of an exemption.

(d) A certified service provider, as defined in section 297A.995, subdivision 2, is relieved of liability under this section to the extent a seller who is its client is relieved of liability.

(e) A purchaser of tangible personal property or any items listed in section 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the property was not purchased from a retailer for storage, use, or consumption in Minnesota.

(f) If a seller claims that certain sales are exempt and does not provide the certificate, information, or proof required by paragraph (b), clause (2), within 120 days after the date of the commissioner's request for substantiation, then the exemptions claimed by the seller that required substantiation are disallowed.

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

Sec. 4. Minnesota Statutes 2008, section 297A.68, subdivision 39, is amended to read:

Subd. 39. **Preexisting bids or contracts.** (a) The sale of tangible personal property or services is exempt from tax or a tax rate increase for a period of six months from the effective date of the law change that results in the imposition of the tax or the tax rate increase under this chapter if:

(1) the act imposing the tax or increasing the tax rate does not have transitional effective date language for existing construction contracts and construction bids; and

(2) the requirements of paragraph (b) are met.

(b) A sale is tax exempt under paragraph (a) if it meets the requirements of either clause (1) or (2):

(1) For a construction contract:

(i) the goods or services sold must be used for the performance of a bona fide written lump sum or fixed price construction contract;

(ii) the contract must be entered into before the date the goods or services become subject to the sales tax or the tax rate was increased;

(iii) the contract must not provide for allocation of future taxes; and

(iv) for each qualifying contract the contractor must ~~give the seller~~ keep documentation of the contract on which an exemption is to be claimed.

(2) For a construction bid:

(i) the goods or services sold must be used pursuant to an obligation of a bid or bids;

(ii) the bid or bids must be submitted and accepted before the date the goods or services became subject to the sales tax or the tax rate was increased;

(iii) the bid or bids must not be able to be withdrawn, modified, or changed without forfeiting a bond; and

(iv) for each qualifying bid, the contractor must ~~give the seller~~ keep documentation of the bid on which an exemption is to be claimed.

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

Sec. 5. Minnesota Statutes 2008, section 297A.70, subdivision 13, is amended to read:

Subd. 13. **Fund-raising sales by or for nonprofit groups.** (a) The following sales by the specified organizations for fund-raising purposes are exempt, subject to the limitations listed in paragraph (b):

(1) all sales made by ~~an~~ a nonprofit organization that exists solely for the purpose of providing educational or social activities for young people primarily age 18 and under;

(2) all sales made by an organization that is a senior citizen group or association of groups if (i) in general it limits membership to persons age 55 or older; (ii) it is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes; and (iii) no part of its net earnings inures to

the benefit of any private shareholders;

(3) the sale or use of tickets or admissions to a golf tournament held in Minnesota if the beneficiary of the tournament's net proceeds qualifies as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code; and

(4) sales of candy sold for fund-raising purposes by a nonprofit organization that provides educational and social activities primarily for young people age 18 and under.

(b) The exemptions listed in paragraph (a) are limited in the following manner:

(1) the exemption under paragraph (a), clauses (1) and (2), applies only if the gross annual receipts of the organization from fund-raising do not exceed \$10,000; and

(2) the exemption under paragraph (a), clause (1), does not apply if the sales are derived from admission charges or from activities for which the money must be deposited with the school district treasurer under section 123B.49, subdivision 2, or be recorded in the same manner as other revenues or expenditures of the school district under section 123B.49, subdivision 4.

(c) Sales of tangible personal property are exempt if the entire proceeds, less the necessary expenses for obtaining the property, will be contributed to a registered combined charitable organization described in section 43A.50, to be used exclusively for charitable, religious, or educational purposes, and the registered combined charitable organization has given its written permission for the sale. Sales that occur over a period of more than 24 days per year are not exempt under this paragraph.

(d) For purposes of this subdivision, a club, association, or other organization of elementary or secondary school students organized for the purpose of carrying on sports, educational, or other extracurricular activities is a separate organization from the school district or school for purposes of applying the \$10,000 limit.

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

Sec. 6. Minnesota Statutes 2008, section 297A.71, subdivision 23, is amended to read:

Subd. 23. **Construction materials for qualified low-income housing projects.** (a) Purchases of materials and supplies used or consumed in and equipment incorporated into the construction, improvement, or expansion of qualified low-income housing projects are exempt from the tax imposed under this chapter if the owner of the qualified low-income housing project is:

(1) the public housing agency or housing and redevelopment authority of a political subdivision;

(2) an entity exercising the powers of a housing and redevelopment authority within a political subdivision;

(3) a limited partnership in which the sole or managing general partner is an authority under clause (1) or an entity under clause (2) ~~or~~ (4), or (5);

(4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; ~~or~~

(5) a limited liability company if it consists of a sole member that is an entity under clause (4);

or

(6) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604, for a qualified low-income housing project described in paragraph (b), clause (5).

This exemption applies regardless of whether the purchases are made by the owner of the facility or a contractor.

(b) For purposes of this exemption, "qualified low-income housing project" means:

(1) a housing or mixed use project in which at least 20 percent of the residential units are qualifying low-income rental housing units as defined in section 273.126;

(2) a federally assisted low-income housing project financed by a mortgage insured or held by the United States Department of Housing and Urban Development under United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United States Code, title 42, section 1437f; the Native American Housing Assistance and Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar successor federal low-income housing program;

(3) a qualified low-income housing project as defined in United States Code, title 26, section 42(g), meeting all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code regardless of whether the project actually applies for or receives a low-income housing credit;

(4) a project that will be operated in compliance with Internal Revenue Service revenue procedure 96-32; or

(5) a housing or mixed use project in which all or a portion of the residential units are subject to the requirements of section 5 of the United States Housing Act of 1937.

(c) For a project, a portion of which is not used for low-income housing units, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the total gross square footage of units subject to the income limits under section 273.126, the financing for the project, the federal low-income housing tax credit, revenue procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable to the project; and

(2) the total gross square footage of all units in the project.

(d) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and then refunded in the manner provided in section 297A.75.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2010.

Sec. 7. Minnesota Statutes 2008, section 297A.71, subdivision 39, is amended to read:

Subd. 39. **Hydroelectric generating facility.** Materials and supplies used or consumed in the construction of a 10.3 megawatt run-of-the-river hydroelectric generating facility that meets the requirements of this subdivision are exempt. To qualify for the exemption under this subdivision, a hydroelectric generating facility must:

(1) utilize between 12 and 16 turbine generators at a dam site existing on March 31, 1994;

(2) be located on land within 3,000 feet of a 13.8 kilovolt distribution circuit; and

(3) be eligible to receive a renewable energy production incentive payment under section 216C.41.

This exemption applies to materials and supplies purchased after April 30, 2006, and on or before December 31, 2010.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after December 31, 2009.

Sec. 8. Minnesota Statutes 2008, section 297A.71, is amended by adding a subdivision to read:

Subd. 42. **Aerospace defense manufacturing facility.** (a) Materials and supplies used or consumed in, capital equipment incorporated into, and privately owned infrastructure in support of the construction, improvement, or expansion of an aerospace defense manufacturing facility are exempt if:

(1) the facility is used for the manufacturing of aerospace or defense-related sensors and the production of micro-electro-mechanical systems; and

(2) the total capital investment made at the facility is at least \$59,000,000.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and refunded in the manner provided in section 297A.75, only after the following criteria have been met:

(1) a refund may not be issued until the owner of the aerospace defense manufacturing facility has received certification from the Department of Employment and Economic Development that the aerospace defense manufacturing facility employs no less than 1,653 full-time equivalent workers within the state, and has made a total capital investment of at least \$59,000,000;

(2) for each year that the owner of the aerospace defense manufacturing facility receives certification from the Department of Employment and Economic Development that no less than 1,653 full-time equivalent worker residents are employed workers within the state, the refund may be issued to the owner of the aerospace defense manufacturing facility at a rate of 25 percent of the total allowable refund payable to date, provided that the Department of Employment and Economic Development continues to certify that no less than 1,653 full-time equivalent workers are employed workers within the state, the commissioner of revenue may make annual payments of the remaining refund until all of the refund has been paid; and

(3) to receive the refund, the owner of the aerospace defense manufacturing facility must initially apply to the Department of Employment and Economic Development for certification no later than one year from the final completion date of construction of the expansion of the aerospace defense manufacturing facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after July 1, 2010, and before December 31, 2015.

Sec. 9. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- (8) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (9) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (10) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (11) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;
- (12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);
- (13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40; ~~and~~
- (14) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41; and
- (15) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42.

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

Sec. 10. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;
- (5) for subdivision 1, clause (8), the owner of the qualified low-income housing project;
- (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;
- (7) for subdivision 1, clauses (10), (11), ~~and (14)~~, and (15), the owner of the qualifying business; and
- (8) for subdivision 1, clauses (12) and (13), the applicant must be the governmental entity that owns or contracts for the project or facility.

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

Sec. 11. Minnesota Statutes 2008, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), ~~or (14)~~, or (15), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009.

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

Sec. 12. Minnesota Statutes 2008, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use

tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

(c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, sellers and certified service providers shall be relieved from liability for failing to collect tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate during this period. Relief from liability provided by this paragraph shall not apply if the failure to collect at the newly effective rate extends beyond 30 days after the enactment of the new rate. The relief provided by this paragraph shall not apply if the commissioner determines that the seller or certified service provider fraudulently failed to collect at the new rate or that the seller or certified service provider solicited purchasers based on the immediately preceding tax rate.

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

Sec. 13. Minnesota Statutes 2008, section 297A.995, subdivision 11, is amended to read:

Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other provisions in the law, a purchaser is relieved from liability resulting from having paid the incorrect amount of sales or use tax if a purchaser, whether or not ~~holding a~~ the commissioner gave the purchaser direct pay ~~permit~~ authorization, or a purchaser's seller or certified service provider relied on erroneous data provided by this state in the database files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix. After providing an address-based database for assigning taxing jurisdictions and their associated rates, no relief for errors resulting from the purchaser's reliance on a database using zip codes is allowed.

(b) With respect to reliance on the taxability matrix provided by this state in paragraph (a), relief is limited to erroneous classifications in the taxability matrix for items included within the classifications as "taxable," "exempt," "included in sales price," "excluded from sales price," "included in the definition," and "excluded from the definition."

(c) Notwithstanding other provisions in the law, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, a purchaser shall be relieved from liability resulting from failing to pay the tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, whether or not the purchaser has been given direct pay authorization by the commissioner. Relief from liability provided by this paragraph shall not apply if the failure to pay at the newly effective rate extends beyond 30 days after the enactment of the new rate, and shall not apply to a purchaser that did not continue to pay the tax at the immediately preceding tax rate during the 30-day period. The relief provided by this paragraph shall not apply if the commissioner determines that the purchaser fraudulently failed to pay at the new rate.

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

Sec. 14. **[645.025] SPECIAL LAWS; LOCAL TAXES.**

Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group of units the authority to impose a local tax other than sales tax, including but not limited to taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the Department of Revenue either has agreed to or is required to administer the tax, such that the tax is reported and paid with the chapter 297A taxes, then the local government unit or group of units must adopt each definition used in the special law as follows:

(1) the definition must be identical to the definition found in chapter 297A or in Minnesota Rules, chapter 8130; or

(2) if the specific term is not defined either in chapter 297A or in Minnesota Rules, chapter 8130, then the definition must be consistent with the position of the Department of Revenue as to the extent of the tax base.

(b) This subdivision does not apply to terms that are defined by the authorizing special law.

Subd. 2. **Application.** This section applies to a special law that is described in subdivision 1 that was:

(1) originally enacted prior to 2010, and that was amended by special law in or after 2010, to extend the time for imposing the tax or to modify the tax base; or

(2) first enacted in or after 2010.

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

Sec. 15. Laws 2009, chapter 88, article 4, section 5, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective July 1, 2009, and applies to ~~registrations~~ leases or rentals made or renewed on or after that date.

EFFECTIVE DATE. This section is effective retroactively for leases or rentals made or renewed after June 30, 2009.

ARTICLE 5

LOCAL SALES TAX

Section 1. Laws 1999, chapter 243, article 4, section 18, subdivision 3, as amended by Laws 2008, chapter 366, article 7, section 13, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and improvement of the following city facilities:

(1) streets; and

(2) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and

operating expenses related to the development of an authorized facility, and paying debt service on bonds or other obligations, including lease obligations, issued to finance the construction, expansion, or improvement of an authorized facility. ~~The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance of the bonds.~~

(b) Additional revenues received from taxes authorized by subdivision 1, may be used by the city to pay for the following capital improvement projects: public utilities, including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways and trails; and parks and recreation.

EFFECTIVE DATE. This section is effective the day following final enactment, upon compliance by the city of Proctor with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 2. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to read:

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 279.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(d) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed ~~\$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds~~ \$10,000,000.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

EFFECTIVE DATE. This section is effective when approved by the voters at a general or special election held within two years after enactment of this section and upon compliance by the city of Proctor with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 3. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009, chapter 88, article 4, section 19, is amended to read:

Sec. 25. **ROCHESTER LODGING TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more.

Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration

of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more only upon the approval of the city governing body of a total financial package for the project.

Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed under subdivision 1 must be used by the city to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center.

(b) The gross proceeds from the one percent tax imposed under subdivision 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$43,500,000, to pay for capital and administrative costs for the design, construction, renovation, improvement, and expansion of the Mayo Civic Center Complex, and related skyway, access, lighting, parking, and landscaping. The city may pledge the lodging tax authorized by subdivision 1a and the food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23, to the payment of the bonds. The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city.

Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax under subdivision 1a shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping have been paid, including any bonds issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 4. Laws 2009, chapter 88, article 4, section 23, subdivision 4, is amended to read:

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping, and any bonds issued to refund such bonds, have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Rochester and its chief clerical officer comply with Minnesota Statutes, section 645.021,

subdivisions 2 and 3.

Sec. 5. CITY OF DETROIT LAKES; LOCAL TAXES AUTHORIZED.

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Detroit Lakes may, if approved by the voters at a general or special election held within two years of enactment of this section, impose a sales tax of up to one percent on the gross receipts of all food and beverages sold by a restaurant or place of refreshment, as defined by resolution of the city, that is located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed under subdivision 1 must be used by the city to pay all or a portion of the expenses of the following projects:

- (1) control of flowering rush infestation;
- (2) construction and improvement of bike trail facilities;
- (3) parking improvements near public facilities; and
- (4) redevelopment of the area returned to the city as a result of realignment of Highway 10.

Subd. 3. **Expiration of taxing authority.** The taxes authorized under subdivision 1 expire when the governing body of the city determines that sufficient revenues have been raised to finance the projects in subdivision 2, including the amount to prepay to retire at maturity the principal, interest, and premium due on any bonds issued for the projects.

Subd. 4. **Collection, administration, and enforcement.** The city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement apply.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Detroit Lakes and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 6. CITY OF MARSHALL; LOCAL TAXES AUTHORIZED.

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, ordinance, or city charter, the city of Marshall, if imposed within two years of the date of final enactment of this section, may impose any or all of the taxes described in this section.

Subd. 2. **Bonds.** (a) The city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center and all or part of the costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center, and may issue bonds to refund bonds previously issued. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to these facilities. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,290,000,

plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 3. **Lodging tax.** The city of Marshall may impose by ordinance a tax of up to 1-1/2 percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190, for the purposes specified in subdivision 4. This lodging tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed within a tax district defined by the city council.

Subd. 4. **Use of lodging tax revenues.** The revenues derived from the tax imposed under subdivision 3 must be used by the city of Marshall to pay the costs of collecting and administering the lodging tax, to pay all or part of the operating costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center, including the payment of debt service on bonds issued under subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center, including the payment of debt service on bonds issued under subdivision 2.

Subd. 5. **Food and beverages tax.** The city of Marshall may impose, if approved by the voters at a general or special election held within two years of enactment of this section, an additional sales tax of up to 1-1/2 percent on gross receipts of food and beverages sold primarily for consumption on the premises by restaurants and places of refreshment that occur in the city of Marshall. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1, 2, and 3, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 6. **Use of food and beverages tax.** The revenues derived from the tax imposed under subdivision 5 must be used by the city of Marshall to pay the costs of collecting and administering the food and beverages tax, to pay all or part of the operating costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center, including the payment of debt service on bonds issued under subdivision 2, and to pay all or part of the operating costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center, including the payment of debt service on bonds issued under subdivision 2.

Subd. 7. **Termination of taxes.** The taxes imposed under subdivisions 3 and 5 expire at the earlier of (1) 30 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the taxes to pay for the capital, operating, and administrative costs of the facilities under subdivisions 2, 4, and 6 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 2, including interest on the bonds. Any funds remaining after payment of all the costs and retirement or redemption of the bonds must be placed in the general fund of the city. The taxes imposed under subdivisions 3 and 5 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Marshall with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.

Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose any or all of the taxes described in this section.

Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less refunds and costs of collection, must be deposited into the Iron Range Resources and Rehabilitation Board account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the commissioner of the Iron Range Resources and Rehabilitation Board, upon approval by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, to pay costs for the construction, renovation, improvement, expansion, and maintenance of public recreational facilities located in those portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance the construction, renovation, improvement, or expansion of such public recreational facilities.

Subd. 3. **Lodging tax.** The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed only on gross lodging receipts generated within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on admission receipts to entertainment and recreational facilities and on receipts from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If the city imposes the tax under paragraph (a), it must include in the ordinance an exemption for purchases of season tickets or passes.

Subd. 5. **Food and beverage tax.** The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than one percent on gross receipts of food and beverages sold whether it is consumed on or off the premises by restaurants and places of refreshment as defined by resolution of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

EFFECTIVE DATE. This section shall be effective the day after compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3, by the governing body of the city of Biwabik. Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, the city may comply with

Minnesota Statutes, section 645.021, at any time before January 1, 2012.

ARTICLE 6
SPECIAL TAXES

Section 1. Minnesota Statutes 2008, section 60A.209, subdivision 1, is amended to read:

Subdivision 1. **Authorization; regulation.** A resident of this state may obtain insurance from an ineligible surplus lines insurer in this state through a surplus lines licensee. The licensee shall first attempt to place the insurance with a licensed insurer, or if that is not possible, with an eligible surplus lines insurer. If coverage is not obtainable from a licensed insurer or an eligible surplus lines insurer, the licensee shall certify to the commissioner, on a form prescribed by the commissioner, that these attempts were made. Upon obtaining coverage from an ineligible surplus lines insurer, the licensee shall:

(a) Have printed, typed, or stamped in red ink upon the face of the policy in not less than 10-point type the following notice: "THIS INSURANCE IS ISSUED PURSUANT TO THE MINNESOTA SURPLUS LINES INSURANCE ACT. THIS INSURANCE IS PLACED WITH AN INSURER THAT IS NOT LICENSED BY THE STATE NOR RECOGNIZED BY THE COMMISSIONER OF COMMERCE AS AN ELIGIBLE SURPLUS LINES INSURER. IN CASE OF ANY DISPUTE RELATIVE TO THE TERMS OR CONDITIONS OF THE POLICY OR THE PRACTICES OF THE INSURER, THE COMMISSIONER OF COMMERCE WILL NOT BE ABLE TO ASSIST IN THE DISPUTE. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED." The notice may not be covered or concealed in any manner; and

(b) Collect from the insured appropriate premium taxes, as provided under chapter 297I, and report the transaction to the commissioner of revenue on a form prescribed by the commissioner. If the insured fails to pay the taxes when due, the insured shall be subject to a civil fine of not more than \$3,000, plus accrued interest from the inception of the insurance.

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

Sec. 2. Minnesota Statutes 2008, section 295.55, subdivision 2, is amended to read:

Subd. 2. **Estimated tax; hospitals; surgical centers.** (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within 15 days after the end of the month.

(b) Estimated tax payments are not required of hospitals or surgical centers if: (1) the tax for the current calendar year is ~~less than \$500 or less~~; or (2) the tax for the previous calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business the entire year or less~~.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270C.40, from the due date of the payment until paid or until the due date of the annual return whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) one-twelfth of the total tax for the previous calendar year ~~if the taxpayer had a tax liability and was doing business the entire year~~.

EFFECTIVE DATE. This section is effective for gross revenues received after December 31,

2010.

Sec. 3. Minnesota Statutes 2008, section 295.55, subdivision 3, is amended to read:

Subd. 3. **Estimated tax; other taxpayers.** (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if: (1) the tax for the current calendar year is ~~less than \$500 or less~~; or (2) the tax for the previous calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business the entire year or less~~.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270C.40, from the due date of the payment until paid or until the due date of the annual return whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) one-quarter of the total tax for the previous calendar year ~~if the taxpayer had a tax liability and was doing business the entire year~~.

EFFECTIVE DATE. This section is effective for gross revenues received after December 31, 2010.

Sec. 4. **[296A.061] CANCELLATION OR NONRENEWAL OF LICENSES.**

The commissioner may cancel a license or not renew a license if one of the following conditions occurs:

- (1) the license holder has not filed a petroleum tax return or report for at least one year;
- (2) the license holder has not reported any petroleum tax liability on the license holder's returns or reports for at least one year; or
- (3) the license holder requests cancellation of the license.

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

Sec. 5. Minnesota Statutes 2008, section 297F.01, subdivision 22a, is amended to read:

Subd. 22a. **Weighted average retail price.** "Weighted average retail price" means (1) the average retail price per pack of 20 cigarettes, with the average price weighted by the number of packs sold at each price, (2) reduced by the sales tax included in the retail price, and (3) adjusted for the expected inflation ~~from the time of the survey to the average of the 12 months that the sales tax will be imposed. The commissioner shall make the inflation adjustment in accordance with the Consumer Price Index for all urban consumers inflation indicator as published in the most recent state budget forecast. The inflation factor for the calendar year in which the new tax rate takes effect must be used. If the survey indicates that the average retail price of cigarettes has not increased relative to the average retail price in the previous year's survey, then no inflation adjustment must be made~~ as provided in section 297F.25, subdivision 1.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 6. Minnesota Statutes 2008, section 297F.04, is amended by adding a subdivision to read:

Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license or not renew a license if one of the following conditions occurs:

- (1) the license holder has not filed a cigarette or tobacco products tax return for at least one year;
- (2) the license holder has not reported any cigarette or tobacco products tax liability on the license holder's returns for at least one year; or
- (3) the license holder requests cancellation of the license.

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

Sec. 7. Minnesota Statutes 2008, section 297F.07, subdivision 4, is amended to read:

Subd. 4. **Sales to nonqualified buyers.** A retailer who sells or otherwise disposes of unstamped or untaxed stock other than to a qualified purchaser shall collect from the buyer or transferee the tax imposed by section 297F.05, and remit the tax to the Department of Revenue at the same time and manner as required by section 297F.09. If the retailer fails to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is personally responsible for the tax and the commissioner may seize any product destined to be delivered to the retailer. The product so seized shall be considered contraband and be subject to the procedures outlined in section 297F.21, subdivision 3. ~~The proceeds of the sale of the stock may be applied to any tax liability owed by the retailer after deducting all costs and expenses.~~

This section does not relieve the buyer or possessor of unstamped or untaxed stock from personal liability for the tax.

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

Sec. 8. Minnesota Statutes 2008, section 297F.25, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this state. The tax is equal to 6.5 percent of the weighted average retail price. ~~The weighted average retail price and must be expressed in cents per pack when rounded to the nearest one-tenth of a cent. The weighted average retail price must be determined annually, with new rates published by May November 1, and effective for sales on or after August January 1 of the following year. The weighted average retail price must be established by surveying cigarette retailers statewide in a manner and time determined by the commissioner. The commissioner shall make an inflation adjustment in accordance with the Consumer Price Index for all urban consumers inflation indicator as published in the most recent state budget forecast. The commissioner shall use the inflation factor for the calendar year in which the new tax rate takes effect. If the survey indicates that the average retail price of cigarettes has not increased relative to the average retail price in the previous year's survey, then the commissioner shall not make an inflation adjustment. The determination of the commissioner pursuant to this subdivision is not a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. As of August 1, 2005, the tax is 25.5 cents per pack of 20 cigarettes. For packs of cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.~~

(b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the tax calculation of the weighted average retail price for the sales of cigarettes from August 1, 2011, through December 31, 2011, shall be calculated by: (1) increasing the average retail price per pack

of 20 cigarettes from the most recent survey by the percentage change in a weighted average of the presumed legal prices for cigarettes during the year after completion of that survey, as reported and published by the Department of Commerce under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3) adjusting for expected inflation. The rate must be published by May 1 and is effective for sales after July 31. If the weighted average of the presumed legal prices indicates that the average retail price of cigarettes has not increased relative to the average retail price in the most recent survey, then no inflation adjustment must be made. For packs of cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 9. Minnesota Statutes 2008, section 297I.01, subdivision 9, is amended to read:

Subd. 9. **Gross premiums.** "Gross premiums" means total premiums paid by policyholders and applicants of policies, whether received in the form of money or other valuable consideration, on property, persons, lives, interests and other risks located, resident, or to be performed in this state, but excluding consideration and premiums for reinsurance assumed from other insurance companies.

~~The term~~ (a) "Gross premiums" includes the total consideration paid to bail bond agents for bail bonds.

(b) For title insurance companies, "gross premiums" means the charge for title insurance made by a title insurance company or its agents according to the company's rate filing approved by the commissioner of commerce without a deduction for commissions paid to or retained by the agent. Gross premiums of a title insurance company does not include any other charge or fee for abstracting, searching, or examining the title, or escrow, closing, or other related services.

~~The term~~ (c) "Gross premiums" includes any workers' compensation special compensation fund premium surcharge pursuant to section 176.129.

(d) "Gross premiums" for surplus lines insurance includes all related charges, commissions, and fees received by the licensee. Gross premiums does not include the stamping fee, as provided under section 60A.2085, subdivision 7, nor the operating assessment, as provided under section 60A.208, subdivision 8.

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

Sec. 10. Minnesota Statutes 2008, section 297I.05, subdivision 7, is amended to read:

Subd. 7. **Surplus lines tax.** (a) A tax is imposed on surplus lines licensees. The rate of tax is equal to three percent of the gross premiums less return premiums ~~received by the licensee minus any licensee association operating assessments paid under section 60A.208.~~

(b) If surplus lines insurance placed by a surplus lines licensee and taxed under this subdivision covers a subject of insurance residing, located, or to be performed outside this state, a proper pro rata portion of the entire premium payable for all of that insurance must be allocated according to the subjects of insurance residing, located, or to be performed in this state.

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

Sec. 11. Minnesota Statutes 2008, section 297I.30, subdivision 1, is amended to read:

Subdivision 1. **General rule.** On or before March 1, every ~~insurer taxpayer~~ subject to taxation under section 297I.05, subdivisions 1 to ~~6~~ 5, and ~~9, 10~~, 12, paragraphs (a), clauses (1) to ~~(5)~~ (4), and (b), (c), and (d), and 14, shall file an annual return for the preceding calendar year ~~setting forth such information as the commissioner may reasonably require on forms~~ in the form prescribed by the commissioner.

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

Sec. 12. Minnesota Statutes 2008, section 297I.30, subdivision 2, is amended to read:

Subd. 2. **Surplus lines licensees and purchasing groups.** On or before February 15 and August 15 of each year, every surplus lines licensee subject to taxation under section 297I.05, subdivision 7, and every purchasing group or member of a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a), clause ~~(6)~~ (5), shall file a return with the commissioner for the preceding six-month period ending December 31, or June 30, ~~setting forth any information the commissioner reasonably prescribes on forms~~ in the form prescribed by the commissioner.

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

Sec. 13. Minnesota Statutes 2008, section 297I.30, subdivision 7, is amended to read:

Subd. 7. **Surcharge.** ~~(a)(4)~~ By April 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending March 31 ~~setting forth any information the commissioner reasonably requires on forms~~ in the form prescribed by the commissioner.

~~(2)~~ (b) By June 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the two-month period ending May 31 ~~setting forth any information the commissioner reasonably requires on forms~~ in the form prescribed by the commissioner.

~~(3)~~ (c) By November 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending October 31 ~~setting forth any information the commissioner reasonably requires on forms~~ in the form prescribed by the commissioner.

~~(b)~~ By February 15 and August 15 of each year, every company required to pay a surcharge under section 297I.10, subdivision 2, must file a return for the preceding six-month period ending December 31 and June 30.

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

Sec. 14. Minnesota Statutes 2008, section 297I.30, subdivision 8, is amended to read:

Subd. 8. **Fire insurance surcharge.** On or before May 15, August 15, November 15, and February 15 of each year, every insurer required to pay the surcharge under section 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, ~~setting forth any information the commissioner reasonably requires on forms~~ in the form prescribed by the commissioner.

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

Sec. 15. Minnesota Statutes 2009 Supplement, section 297I.35, subdivision 2, is amended to read:

Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges due under this chapter during a ~~calendar~~ fiscal year ending June 30 is equal to or exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the commissioner by electronic means, then all tax and surcharge payments in the subsequent calendar year must be paid by electronic means.

EFFECTIVE DATE. This section is effective for payments due in calendar year 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30, 2009, and in fiscal years thereafter.

Sec. 16. Minnesota Statutes 2008, section 297I.40, subdivision 1, is amended to read:

Subdivision 1. **Requirement to pay.** On or before March 15, June 15, September 15, and December 15 of the current year, every taxpayer subject to tax under section 297I.05, subdivisions 1 to ~~6~~ 5, and 12, ~~paragraphs~~ paragraph (a), clauses (1) to ~~(5)~~, ~~(b)~~, and ~~(e)~~ (4), and 14, must pay to the commissioner an installment equal to one-fourth of the insurer's total estimated tax for the current year.

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

Sec. 17. Minnesota Statutes 2008, section 297I.40, subdivision 5, is amended to read:

Subd. 5. **Definition of tax.** The term "tax" as used in this section means the tax imposed by section 297I.05, subdivisions 1 to ~~6~~ 5, 11, and 12, paragraphs (a), clauses (1) to ~~(5)~~ (4), (b), and (d), and 14, less any offset in section 297I.20.

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

Sec. 18. Minnesota Statutes 2008, section 297I.65, is amended by adding a subdivision to read:

Subd. 4. **Omission in excess of 25 percent.** Additional taxes or surcharges may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if the taxpayer omits from a gross premiums tax or surcharge return an amount of tax in excess of 25 percent of the tax or surcharge reported in the return.

EFFECTIVE DATE. This section is effective for premium taxes due after December 31, 2010.

Sec. 19. Minnesota Statutes 2008, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities comprising a ~~tax relief~~ taconite assistance area under section 273.134, ~~paragraph (b)~~ 273.1341; (2) a township that contains a state park consisting primarily of an underground iron ore mine; and (3) a city located within five miles of that state park, each being referred to in this section as a qualifying municipality.

EFFECTIVE DATE. This section is effective for distributions made after the day following final enactment.

Sec. 20. **REPEALER.**

Minnesota Statutes 2008, section 297I.30, subdivisions 4, 5, and 6, are repealed.

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

ARTICLE 7

PUBLIC FINANCE

Section 1. Minnesota Statutes 2008, section 103D.335, subdivision 17, is amended to read:

Subd. 17. **Borrowing funds.** The managers may borrow funds from an agency of the federal government, a state agency, a county where the watershed district is located in whole or in part, or a financial institution authorized under chapter 47 to do business in this state. A county board may lend the amount requested by a watershed district. A watershed district may not have more than a total of ~~\$600,000~~ \$2,000,000 in loans from counties and financial institutions under this subdivision outstanding at any time.

Sec. 2. Minnesota Statutes 2008, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and bridges, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include ~~light rail transit or any activity related to it~~ or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(f) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 3. Minnesota Statutes 2008, section 383B.79, subdivision 5, is amended to read:

Subd. 5. **Financing.** Hennepin County may appropriate funds for any of the activities described in subdivision 1, whether or not state funds are appropriated for the activity. Hennepin County may include any part of the costs of a project described in section 469.002, subdivision 12, in a capital improvement plan adopted under section 373.40, and may issue bonds for such purposes pursuant to and subject to the procedures and limitations set forth in section 373.40, whether or not the capital improvement to be financed is to be owned by the county or any other governmental entity. Such purposes are in addition to the capital improvements described in section 373.40, but shall not include ~~light rail transit, commuter rail, or any activity related to either of those,~~ or a sports facility building designed or used primarily for professional sports. No funds appropriated under this subdivision may be used to pay operating expenses.

Sec. 4. Minnesota Statutes 2009 Supplement, section 429.011, subdivision 2a, is amended to read:

Subd. 2a. **Municipality; certain counties.** "Municipality" also includes the following:

(1) a county in the case of construction, reconstruction, or improvement of a county state-aid highway;

(2) a county in the case of construction, reconstruction, or improvement of a county highway as defined in section 160.02 including curbs and gutters and storm sewers;

(3) a county exercising its powers and duties under section 444.075, subdivision 1;

(4) a county for expenses not paid for under section 403.113, subdivision 3, paragraph (b), clause (3); ~~and~~

(5) a county in the case of the abatement of nuisances; and

(6) a county operating an energy improvements financing program under section 216C.436.

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

Sec. 5. Minnesota Statutes 2008, section 469.101, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city ~~if the district satisfies the requirements of section 469.174, subdivision 10,~~ except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

EFFECTIVE DATE. This section is effective for economic development districts created after the day following final enactment.

Sec. 6. Minnesota Statutes 2008, section 469.319, subdivision 5, is amended to read:

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which

the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

(c) Requests for waiver must be made no later than 60 days after the notice date of an order issued under subdivision 4, paragraph (d), or, in the case of property taxes, within 60 days of the date of a tax statement issued under subdivision 4, paragraph (c).

EFFECTIVE DATE. This section is effective for waivers requested in response to notices issued after the day following final enactment.

Sec. 7. Minnesota Statutes 2008, section 469.3193, is amended to read:

469.3193 CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ BENEFITS.

(a) By ~~December 4~~ October 15 of each year, every qualified business must certify to the commissioner of revenue, on a form prescribed by the commissioner of revenue, whether it is in compliance with any agreement required as a condition for eligibility for benefits listed under section 469.315. A business that fails to submit the certification, or any business, including those still operating in the zone, that submits a certification that the commissioner of revenue later determines materially misrepresents the business's compliance with the agreement, is subject to the repayment provisions under section 469.319 from January 1 of the year in which the report is due or the date that the business became subject to section 469.319, whichever is earlier. Any such business is permanently barred from obtaining benefits under section 469.315. For purposes of this section, the bar applies to an entity and also applies to any individuals or entities that have an ownership interest of at least 20 percent of the entity.

(b) Before the sanctions under paragraph (a) apply to a business that fails to submit the certification, the commissioner of revenue shall send notice to the business, demanding that the certification be submitted within 30 days and advising the business of the consequences for failing to do so. The commissioner of revenue shall notify the commissioner of employment and economic

development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) The certification required under this section is public.

(d) The commissioner of revenue shall promptly notify the commissioner of employment and economic development of all businesses that certify that they are not in compliance with the terms of their business subsidy agreement and all businesses that fail to file the certification.

EFFECTIVE DATE. This section is effective for certifications required to be made in 2010 and thereafter.

Sec. 8. Minnesota Statutes 2008, section 473.39, is amended by adding a subdivision to read:

Subd. 1p. **Obligations.** After July 1, 2010, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$34,600,000 for capital expenditures as prescribed in the council's transit capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

EFFECTIVE DATE. This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 9. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council. Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural Finance Authority may transfer allocated bonding authority made available under this chapter to one another under an agreement by each agency and the commissioner.

Sec. 10. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and

(3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

(1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;

(2) applications for mortgage bonds;

(3) applications for public facility projects funded by public facility bonds;

(4) applications for small issue bonds for manufacturing projects;

(5) applications for small issue bonds for agricultural development bond loan projects;

(6) applications for residential rental project bonds;

(7) applications for enterprise zone facility bonds;

(8) applications for governmental bonds; and

(9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects.

(g) From the first Monday in August through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

- (1) \$10,000,000 for any one city; or
- (2) \$20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed ~~\$10,000,000~~ \$25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(l) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 11. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

Subd. 3a. **Authority.** "Authority" means a housing and redevelopment authority or economic development authority created pursuant to section 469.003, 469.004, or 469.091, a port authority pursuant to section 469.049, 469.1082, or special law, or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

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

Sec. 12. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

Subd. 3b. **Implementing entity.** "Implementing entity" means the local government or an authority designated by the local government by resolution to implement and administer programs described in section 216C.436.

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

Sec. 13. Laws 2010, chapter 216, section 3, subdivision 6, is amended to read:

Subd. 6. **Qualifying real property.** "Qualifying real property" means a single-family or multifamily residential dwelling, or a commercial or industrial building, that the city implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of energy improvements.

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

Sec. 14. Laws 2010, chapter 216, section 4, subdivision 1, is amended to read:

Subdivision 1. **Program authority.** ~~A local government~~ An implementing entity may establish a program to finance energy improvements to enable owners of qualifying real property to pay for cost-effective energy improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. ~~A local government~~ An implementing entity

may limit the number of qualifying real properties for which a property owner may receive program financing.

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

Sec. 15. Laws 2010, chapter 216, section 4, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** A financing program must:

- (1) impose requirements and conditions on financing arrangements to ensure timely repayment;
- (2) require an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the ~~local government~~ implementing entity prior to approval of the financing;
- (3) require the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;
- (4) require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property;
- (5) have energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;
- (6) require disclosures to borrowers by the ~~local government~~ implementing entity of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;
- (7) provide financing only to those who demonstrate an ability to repay;
- (8) not provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;
- (9) require a petition to the implementing entity by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;
- (10) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and
- (11) require that liability for special assessments related to the financing runs with the qualifying real property.

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

Sec. 16. Laws 2010, chapter 216, section 4, subdivision 4, is amended to read:

Subd. 4. **Financing terms.** Financing provided under this section must have:

- (1) a ~~term not to exceed the weighted average of~~ weighted average maturity not exceeding the useful life of the energy improvements installed, as determined by the ~~local government~~ implementing entity, but in no event may a term exceed 20 years;
- (2) a principal amount not to exceed the lesser of ten percent of the assessed value of the real property on which the improvements are to be installed or the actual cost of installing the energy

improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

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

Sec. 17. Laws 2010, chapter 216, section 4, subdivision 6, is amended to read:

Subd. 6. **Certificate of participation.** Upon completion of a project, ~~a local government~~ an implementing entity shall provide a borrower with a certificate stating participation in the program and what energy improvements have been made with financing program proceeds.

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

Sec. 18. Laws 2010, chapter 216, section 4, subdivision 7, is amended to read:

Subd. 7. **Repayment.** ~~A local government financing~~ An implementing entity that finances an energy improvement under this section must:

- (1) secure payment with a lien against the benefited qualifying real property; and
- (2) collect repayments as a special assessment as provided for in section 429.101 or by charter.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

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

Sec. 19. Laws 2010, chapter 216, section 4, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) ~~A local government~~ An implementing entity may issue revenue bonds as provided in chapter 475 for the purposes of this section.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds may compel any exercise of the taxing power of the local government that issued the bonds to pay principal or interest on the bonds. Bonds issued under this subdivision are not a debt or obligation of the issuer or any local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

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

Sec. 20. Laws 2010, chapter 216, section 58, as amended by Laws 2010, chapter 347, article 7, section 1, is amended to read:

Sec. 58. 2010 DISTRIBUTIONS ONLY.

For distributions in 2010 only, a special fund is established to receive ~~31.463 cents per ton~~ the sum of the following amounts that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

(13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;

(14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

(15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

(16) 0.159 cent per ton must be paid to Aitkin County for a trail;

(17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;

(18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;

- (19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;
- (20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;
- (21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;
- (22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;
- (23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;
- (24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;
- (25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;
- (26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;
- (27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;
- (28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;
- (29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;
- (30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;
- (31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and land purchase, provided that if the city sells or otherwise disposes of any of the land purchased with the money provided under this clause within a period of ten years after it was purchased, the city must transfer a portion of the proceeds of the sale equal to the amount of the purchase price paid from the money provided under this clause to the commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite environmental protection fund to be used for the purposes of the fund under Minnesota Statutes, section 298.223;
- (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;
- (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;
- (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;
- (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;
- (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;
- (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;
- (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;

(39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;

(40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;

(41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;

(42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;

(43) 0.159 cent per ton must be paid to Balkan Township for building improvements;

(44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;

(45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and

(46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex; and

~~(47) 2.706 cents per ton must be paid to the Virginia Regional Medical Center for operating room equipment and renovations.~~

EFFECTIVE DATE. This section is effective retroactively from April 2, 2010.

Sec. 21. CITY OF LANDFALL VILLAGE; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Tax Increment Financing District No. 1-1 in the city of Landfall Village if the activities were undertaken within eight years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Landfall Village with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the North by Bunker Lake Boulevard as extended West to Llama Street, on the West by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the

district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) In addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, eligible expenditures within the district include the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements.

(d) The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for the district if the activities were undertaken within ten years from the date of certification of the district.

(e) Except for administrative expenses, the in-district percentage for purposes of the restriction on pooling under Minnesota Statutes, section 469.1763, subdivision 2, for this district is 100 percent.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of Ramsey, and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. **CITY OF WAYZATA; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.**

Subdivision 1. **First receipt extended.** Notwithstanding Minnesota Statutes, section 469.175, subdivision 1, paragraph (b), the city of Wayzata may modify the tax increment financing plan for Redevelopment Tax Increment Financing District No. 5 to change the first year in which it elects to receive increment, up to six years following the year of approval of the district. Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), does not apply to such modification of the tax increment financing plan.

Subd. 2. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata if the activities were undertaken within ten years from the date of certification of the district.

Subd. 3. **Parcels deemed occupied.** Any parcel in Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

(1) a building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and

(2) the city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the

city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. **REVISOR INSTRUCTION.**

The revisor of statutes shall code section 20 as Minnesota Statutes, section 298.2961, subdivision 7.

ARTICLE 8

PROPERTY TAXES - TECHNICAL

Section 1. Minnesota Statutes 2009 Supplement, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library basic system support grant shall not be made to a regional public library system for a participating city or county which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or ~~credits~~ credit reimbursement under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reimbursement reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reimbursement reductions under the December 2008 unallotment, as well as any aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of May 17, 2009.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the ~~credits~~ credit reimbursement it received under section ~~273.1398~~ 273.1384 in the previous

calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the ~~credits~~ credit reimbursement estimated to be paid under section ~~273.1398~~ 273.1384; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and ~~credits~~ credit reimbursements are to be paid. The percentage of reduction related to reductions to ~~credits~~ credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

EFFECTIVE DATE. This section is effective retroactively for support in calendar year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 270C.87, is amended to read:

270C.87 REVISION OF MINNESOTA ASSESSORS' MANUAL.

In accordance with the provisions of section ~~270C.06~~ 270C.85, the commissioner shall periodically revise the Minnesota assessors' manual.

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

Sec. 3. Minnesota Statutes 2008, section 270C.94, subdivision 3, is amended to read:

Subd. 3. **Failure to appraise.** When an assessor has failed to properly appraise at least one-fifth of the parcels of property in a district or county as provided in section 273.01, the commissioner ~~shall~~ may appoint a special assessor and deputy assessor as necessary and cause a reappraisal to be made of the property due for reassessment in accordance with law.

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

Sec. 4. Minnesota Statutes 2008, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of ~~ehurches and houses of worship, property solely used for educational purposes by academies, colleges, universities or seminaries of learning,~~ property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to ~~26~~ 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 1 to 33, ~~shall~~ must file a statement

of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, ~~shall~~ must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2008, section 272.025, subdivision 3, is amended to read:

Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph (a), must be filed with the assessor by February 1 of the assessment year, however, any taxpayer who has filed the statement required by subdivision 1 more than 12 months prior to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by February 1, 1983, and by February 1 of each third year thereafter.

(b) For churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning, no statement is required after the statement filed for the assessment year in which the exemption began.

(c) This section does not apply to existing churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning that were exempt for taxes payable in 2011.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 6. Minnesota Statutes 2008, section 272.029, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under subdivision 3 shall file a report with the commissioner of revenue annually on or before February 1 detailing the amount of electricity in kilowatt-hours that was produced by the wind energy conversion system for the previous calendar year. The commissioner shall prescribe the form of the report. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a wind energy conversion system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of ~~40~~ 60 percent.

(b) On or before February 28, the commissioner of revenue shall notify the owner of the wind energy conversion systems of the tax due to each county for the current year and shall certify to the county auditor of each county in which the systems are located the tax due from each owner for the current year.

EFFECTIVE DATE. This section is effective beginning with reports due on February 1, 2011, and thereafter.

Sec. 7. Minnesota Statutes 2008, section 272.029, subdivision 7, is amended to read:

Subd. 7. **Exemption.** The tax imposed under this section does not apply to electricity produced by wind energy conversion systems located in a job opportunity building zone, ~~designated under section 469.314~~, for the duration of the zone. The exemption applies beginning for the first calendar year after designation of the zone and applies to each calendar year that begins during the designation of the zone. The exemption only applies if the owner of the system is a qualified business under section 469.310, subdivision 11, who has entered into a business subsidy agreement that covers the land on which the system is situated.

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

Sec. 8. Minnesota Statutes 2008, section 273.113, subdivision 3, is amended to read:

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2009 and thereafter.

Sec. 9. Minnesota Statutes 2008, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; homestead and agricultural credits under section 273.1384; aids and credits under section 273.1398; wetlands reimbursement under section 275.295; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2009 and thereafter.

Sec. 10. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of

proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of ~~the a meeting for each taxing authorities' regularly scheduled meetings~~ authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determined, which must occur after November 24 determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at ~~the meetings and the meetings shall~~ that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

(i) the actual tax for taxes payable in the current year; and

(ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under

section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

(1) special assessments;

(2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;

(3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;

(4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;

(5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and

(6) the contamination tax imposed on properties which received market value reductions for contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in

order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 11. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, as amended by Laws 2010, chapter 215, article 13, section 3, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

- (i) tax anticipation or aid anticipation certificates of indebtedness;
 - (ii) certificates of indebtedness issued under sections 298.28 and 298.282;
 - (iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or
 - (iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;
- (3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;
- (4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;
- (5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;
- (6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;
- (7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;
- (8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;
- (9) to pay an abatement under section 469.1815;
- (10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;
- (11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall

be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or ~~credits~~ credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152 or reductions under another provision of law. The amount of the levy allowed under this clause for each year is equal limited to the amount unallotted or reduced ~~in~~ from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is levied certified unless the unallotment or reduction amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case ~~the~~ that unallotment or reduction amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to market value credit reimbursements under section 273.1384 for credits payable in the year in which the levy is payable.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 12. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 4 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (iii) estimated payments to the local governmental unit under section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids under section 477A.16.

(b) If an aid, payment, or other amount used in paragraph (a) to reduce a local government unit's levy limit is reduced by an unallotment under section 16A.152, the amount of the aid, payment, or other amount prior to the unallotment is used in the computations in paragraph (a). In order for a local government unit to levy outside of its limit to offset the reduction in revenues attributable to an unallotment, it must do so under, and to the extent authorized by, a special levy authorization.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 13. Minnesota Statutes 2008, section 279.01, subdivision 3, is amended to read:

Subd. 3. **Agricultural property.** (a) In the case of class 1b agricultural homestead, class 2a agricultural homestead property, and class ~~2b(3)~~ 2a agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class ~~2b(3)~~ 2a agricultural nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 1b agricultural homestead, ~~class 2a,~~ or class ~~2b(3)~~ 2a agricultural property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead, ~~class 2a,~~ or class ~~2b(3)~~ 2a agricultural property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15.

(b) Notwithstanding paragraph (a), for taxes payable in 2010 and 2011, for any class 2b property that was subject to a second-half due date of November 15 for taxes payable in 2009, the county shall not impose, or if imposed, shall abate penalty amounts in excess of those that would apply as if the second-half due date were November 15.

EFFECTIVE DATE. Paragraph (a) is effective for taxes payable in 2012 and thereafter. Paragraph (b) is effective for taxes payable in 2010 and 2011 only.

Sec. 14. Minnesota Statutes 2008, section 279.37, subdivision 1, is amended to read:

Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this section. Taxes upon property which, for the previous year's assessment, was classified as mineral property, employment property, or commercial or industrial property are only eligible to be composed into any confession of judgment under this section as provided in subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b under section 273.1319 may not be composed into a confession of judgment under this subdivision. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified under section 273.13 as homestead, agricultural, or timberland rural vacant land, or managed forest land, in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

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

Sec. 15. Minnesota Statutes 2009 Supplement, section 475.755, is amended to read:

475.755 EMERGENCY DEBT CERTIFICATES.

(a) If at any time during a fiscal year the receipts of a local government are reasonably expected to be reduced below the amount provided in the local government's budget when the final property tax levy to be collected during the fiscal year was certified and the receipts are insufficient to meet the expenses incurred or to be incurred during the fiscal year, the governing body of the local government may authorize and sell certificates of indebtedness to mature within two years or less from the end of the fiscal year in which the certificates are issued. The maximum principal amount of the certificates that it may issue in a fiscal year is limited to the expected reduction in receipts plus the cost of issuance. The certificates may be issued in the manner and on the terms the governing body determines by resolution.

(b) The governing body of the local government shall levy taxes for the payment of principal and interest on the certificates in accordance with section 475.61.

(c) The certificates are not to be included in the net debt of the issuing local government.

(d) To the extent that a local government issues certificates under this section to fund an unallotment or other reduction in its state aid, the local government ~~may~~ must not use a the special levy authority for the aid reduction reductions under section 275.70, subdivision 5, clause (22), or a similar or successor provision. ~~This provision does not affect the status of the,~~ but must instead use the special levy authority for the repayment of indebtedness under section 275.70, subdivision 5, clause (2), in order to levy under section 475.61 to pay fund repayment of the certificates as with a levy that is not subject to levy limits.

(e) For purposes of this section, the following terms have the meanings given:

(1) "Local government" means a statutory or home rule charter city, a town, or a county.

(2) "Receipts" includes the following amounts scheduled to be received by the local government for the fiscal year from:

(i) taxes;

(ii) aid payments previously certified by the state to be paid to the local government;

(iii) state reimbursement payments for property tax credits; and

(iv) any other source.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 16. Minnesota Statutes 2009 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** ~~(a) In calendar year 2009, the formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by its unmet need.~~

~~(b) In calendar year 2010 and subsequent years,~~ The formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the average of its unmet need for the most recently available two years.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. ~~For aids payable in 2009 only, all data used in calculating aid to cities under sections 477A.011 to 477A.013 will be based on the data available for calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter, Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated except as provided in section 477A.011, subdivisions 3 and 35 that the data used to compute "net levy" in subdivision 9 is the data most recently available at the time of the aid computation.~~

EFFECTIVE DATE. This section is effective for aid payable in 2010 and thereafter.

Sec. 17. Laws 2001, First Special Session chapter 5, article 3, section 50, the effective date, as amended by Laws 2009, chapter 86, article 1, section 87, is amended to read:

EFFECTIVE DATE. Clause (22) of this section is effective for taxes levied in 2002, payable in 2003, ~~through taxes levied in 2011, payable in 2012 and thereafter.~~ Clause (23) of this section is effective for taxes levied in 2001, payable in 2002, and thereafter.

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

ARTICLE 9

CONDITIONAL USE DEEDS

Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the general policy of this state to encourage the best use of tax forfeited lands, recognizing~~ (a) When acting on behalf of the state under laws allowing the county board to classify and manage tax-forfeited lands held by the state in trust for the local units as provided in section 281.25, the county board has the discretion to decide that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes must be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses, and the suitability of the forest resources on the land for multiple use, and sustained yield management. The classification, furthermore, must: (1) encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; (2) facilitate reduction of governmental expenditures; (3) conserve and develop the natural resources; and (4) foster and develop agriculture and other industries in the districts and places best suited to them.

~~In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time~~

~~to time as the county board considers necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.~~

~~If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 60 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for six months. A municipality or governmental subdivision shall pay maintenance costs incurred by the county during the six-month period while the property is withheld from public sale, provided the property is not offered for public sale after the six-month period. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor. If the town board or governing body of the municipality fails to submit an application and a resolution of the board or governing body to acquire the property within the withholding period, the county may offer the property for sale upon the expiration of the withholding period.~~

(b) Whenever the county board deems it appropriate, the board may hold a meeting for the purpose of reclassifying tax-forfeited land that has not been sold or released from the trust. The criteria and procedures for reclassification are the same as those required for an initial classification.

(c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands, the county board must give notice of its intent to meet for that purpose as provided in this paragraph. The notice must be given no more than 90 days and no less than 60 days before the date of the meeting; provided that if the meeting is rescheduled, notice of the new date, time, and location must be given at least 14 days before the date of the rescheduled meeting. The notice must be posted on a Web site. The notice must also be mailed or otherwise delivered to each person who has filed a request for notice of special meetings with the public body, regardless of whether the matter is considered at a regular or special meeting. The notice must be mailed or delivered at least 60 days before the date of the meeting. If the meeting is rescheduled, notice of the new date, time, and location must be mailed or delivered at least 14 days before the date of the rescheduled meeting. The public body shall publish the notice once, at least 30 days before the meeting, in a newspaper of general circulation within the area of the public body's authority. The board must also mail a notice by electronic means to each person who requests notice of meetings dealing with this subject and who agrees as provided in chapter 325L to accept notice that is mailed by electronic means. Receipt of actual notice under the conditions specified in section 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

The board may classify or reclassify tax-forfeited lands at any regular or special meeting, as those terms are defined in chapter 13D and may conduct only this business, or this business as well as other business or activities at the meeting.

(d) At the meeting, the county board must allow any person or agency possessing pertinent

information to make or submit comments and recommendations about the pending classification or reclassification. In addition, representatives of governmental entities in attendance must be allowed to describe plans, ideas, or projects that may involve use or acquisition of the property by that or another governmental entity. The county board must solicit and consider any relevant components of current municipal or metropolitan comprehensive land use plans that incorporate the area in which the land is located. After allowing testimony, the board may classify, reclassify, or delay taking action on any parcel or parcels. In order for a state agency or a governmental subdivision of the state to preserve its right to request a purchase or other acquisition of a forfeited parcel, it may, at any time following forfeiture, file a written request to withhold the parcel from sale or lease to others under the provisions of subdivision 1a.

(e) When classifying, reclassifying, appraising, and selling lands under this chapter, the county board may designate the tracts as assessed and acquired, or may by resolution provide for the subdivision of the tracts into smaller units or for the grouping of several tracts into one tract when the subdivision or grouping is deemed advantageous for conservation or sale purposes. This paragraph does not authorize the county board to subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld from sale under section 282.018, subdivision 1.

(f) A county board may by resolution elect to use the classification and reclassification procedures provided in paragraphs (g), (h), and (i), instead of the procedures provided in paragraphs (b), (c), and (d). Once an election is made under this paragraph, it is effective for a minimum of five years.

(g) The classification or reclassification of tax-forfeited land that has not been sold or released from the trust may be made by the county board using information made available to it by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made.

(h) If the lands are located within the boundaries of an organized town or incorporated municipality, a classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body disapproves of the classification or reclassification and sale, the county board must follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must additionally cause to be published in a newspaper a notice of the date, time, location, and purpose of the required meeting.

(i) If a town board or a governing body of a municipality or a park and recreation board in a city of the first class desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it may file a written request under subdivision 1a, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

Subd. 1a. **Conveyance; generally to public entities.** (a) Upon written request from a state agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be

withheld from sale or lease to others for a maximum of six months. The request must be submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel from sale or lease to any other party for six months, and must confirm the starting date of the six-month withholding period to the requesting agency or subdivision. If the request is from a governmental subdivision of the state, the governmental subdivision must pay the maintenance costs incurred by the county during the period the parcel is withheld. The county board may approve a sale or conveyance to the requesting party during the withholding period. A conveyance of the property to the requesting party terminates the withholding period.

A governmental subdivision of the state must not make, and a county auditor must not act upon, a second request to withhold a parcel from sale or lease within 18 months of a previous request for that parcel. A county may reject a request made under this paragraph if the request is made more than 30 days after the county has given notice to the requesting state agency or governmental subdivision of the state that the county intends to sell or otherwise dispose of the property.

(b) Nonconservation tax-forfeited lands may be sold by the county board, for their market value as determined by the county board, to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property or. When the term "market value" is used in this section, it means an estimate of the full and actual market value of the parcel as determined by the county board, but in making this determination, the board and the persons employed by or under contract with the board in order to perform, conduct, or assist in the determination, are exempt from the licensure requirements of chapter 82B.

(c) Nonconservation tax-forfeited lands may be released from the trust in favor of the taxing districts on application of to the county board by a state agency for an authorized use at not less than their market value as determined by the county board.

(d) Nonconservation tax-forfeited lands may be sold by the county board to an organized or incorporated governmental subdivision of the state or state agency for less than their market value if:

(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and

(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quit claim deed. If the sale under this paragraph is to a state agency, the commissioner must issue a conveyance document that releases the property from the trust in favor of the taxing districts.

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name of the state ~~a tract of tax forfeited land held in trust in favor of the taxing districts~~ to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract ~~and the need therefor~~ and the favorable

recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

- (1) a road, or right-of-way for a road;
- (2) a park that is both available to, and accessible by, the public that contains amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;
- (3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;
- (4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;
- (5) public beaches or boat launches;
- (6) public parking;
- (7) civic recreation or conference facilities; and
- (8) public service facilities such as fire halls, police stations, lift stations, water towers, sanitation facilities, water treatment facilities, and administrative offices.

No monetary compensation or consideration is required for the conveyance, except as provided in subdivision 1g, but the conveyance is subject to the conditions provided in law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

(f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to a local governmental subdivision of the state by quit claim deed on behalf of the state upon the favorable recommendation of the county board if the governmental subdivision has certified to the board that prior to forfeiture the subdivision was entitled to the parcel under a written development agreement or instrument, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to the association of a common interest community by quit claim deed upon the favorable recommendation of the county board if the association certifies to the board that prior to forfeiture the association was entitled to the parcel under a written agreement, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(h) Conservation tax-forfeited land may be sold to a governmental subdivision of the state for less than its market value for either: (1) creation or preservation of wetlands; (2) drainage or storage of storm water under a storm water management plan; or (3) preservation, or restoration and preservation, of the land in its natural state. The deed must contain a restrictive covenant limiting the use of the land to one of these purposes for 30 years or until the property is reconveyed back to the state in trust. At any time, the governmental subdivision may reconvey the property to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the

commissioner of revenue. No part of a purchase price determined under this paragraph shall be refunded upon a reconveyance, but the amount paid for a conveyance under this paragraph may be taken into account by the county board when setting the terms of a future sale of the same property to the same governmental subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an incorporated municipality and the commissioner of natural resources determines there is a mineral use potential, the sale is subject to the approval of the commissioner of natural resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

Subd. 1b. **Conveyance; targeted neighborhood community lands.** ~~(a)~~ Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, ~~as defined in section 469.201, subdivision 10~~ community in a city of the first class, the commissioner of revenue shall convey by quit claim deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision of the state that submits an application to the commissioner of revenue and the favorable recommendation of the county board. For purposes of this subdivision, the term "targeted community" has the meaning given in section 469.201, subdivision 10, except that the land must be located within a first class city.

~~(b) The application under paragraph (a) must include a statement of facts as to the use to be made of the tract, the need therefor, and a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax-forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property. Deeds of conveyance issued under paragraph (a) are not conditioned on continued use of the property for the use stated in the application.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for property conveyed for a an authorized public use under the authorities in subdivision 1a, paragraph (e), must be on a form approved by the attorney general and must be conditioned on continued use for the purpose stated in the application as provided in this section. These deeds are conditional use deeds that convey a defeasible estate. Reversion of the estate occurs by operation of law and without the requirement for any affirmative act by or on behalf of the state when there is a failure to put the property to the approved authorized public use for which it was conveyed, or an abandonment of that use, except as provided in subdivision 1d.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

Subd. 1d. **Reverter for failure to use; conveyance to state.** ~~(a)~~ If after three years from the date of the conveyance a governmental subdivision to which tax-forfeited land has been conveyed for a ~~specified~~ an authorized public use as provided in this section subdivision 1a, paragraph (e), fails to

put the land to that use, or abandons that use, the governing body of the subdivision ~~may,~~ must: (1) with the approval of the county board, purchase the property for an authorized public purpose at the present appraised market value as determined by the county board. ~~In that case, the commissioner of revenue shall, upon proper written application approved by the county board, issue an appropriate deed to the subdivisions free of a use restriction and reverter. The governing body may also, or (2) authorize the proper officers to convey the land, or the part of the land not required for an authorized public use, to the state of Minnesota- in trust for the taxing districts. If the governing body purchases the property under clause (1), the commissioner of revenue shall, upon proper application submitted by the county auditor, convey the property on behalf of the state by quit claim deed to the subdivision free of a use restriction and the possibility of reversion or defeasement. If the governing body decides to reconvey the property to the state under this clause, the officers shall execute a deed of conveyance immediately. The conveyance is subject to the approval of the commissioner and its form must be approved by the attorney general. A sale, lease, transfer, or other conveyance of tax forfeited lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 is not an abandonment of use and the lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by subdivision 1e will then terminate. No vote of the people is required for the conveyance. For the purposes of this paragraph, there is no failure to put the land to the authorized public use and no abandonment of that use if a formal plan of the governmental subdivision, including, but not limited to, a comprehensive plan or land use plan that shows an intended future use of the land for the authorized public use.~~

(b) Property held by a governmental subdivision of the state under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue on or after January 1, 2007, may be acquired by that governmental subdivision after 15 years from the date of the conveyance if the commissioner determines upon written application from the subdivision that the subdivision has in fact put the property to the authorized public use for which it was conveyed, and the subdivision has made a finding that it has no current plans to change the use of the lands. Prior to conveying the property, the commissioner shall inquire whether the county board where the land is located objects to a conveyance of the property to the subdivision without conditions and without further act by or obligation of the subdivision. If the county does not object within 60 days, and the commissioner makes a favorable determination, the commissioner shall issue a quit claim deed on behalf of the state unconditionally conveying the property to the governmental subdivision. For purposes of this paragraph, demonstration of an intended future use for the authorized public use in a formal plan of the governmental subdivision does not constitute use for that authorized public use.

(c) Property held by a governmental subdivision of the state under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue before January 1, 2007, is released from the use restriction and possibility of reversion on January 1, 2022, if the county board records a resolution describing the land and citing this paragraph. The county board may authorize the county treasurer to deduct the amount of the recording fees from future settlements of property taxes to the subdivision.

(d) All property conveyed under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue is released from the use restriction and reverter, and any use

restriction or reverter for which no declaration of reversion has been recorded with the county recorder or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee of \$250 to the commissioner of revenue along with the application. If the application is denied, the commissioner shall refund \$150 of the application fee.

(b) The proceeds from the fees must be deposited in a Department of Revenue conditional use deed revolving fund. The sums deposited into the revolving fund are appropriated to the commissioner of revenue for the purpose of making the refunds described in this subdivision, and administering conditional use deed laws.

EFFECTIVE DATE. This section is effective for applications received by the commissioner after June 30, 2010.

Sec. 7. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 1h. **Conveyance; form.** The instruments of conveyance executed and issued by the commissioner of revenue under subdivision 1a, paragraphs (c), (d), (e), (f), (g), and (h), and subdivision 1d, paragraph (b), must be on a form approved by the attorney general and are prima facie evidence of the facts stated therein and that the execution and issuance of the conveyance complies with the applicable laws.

EFFECTIVE DATE. This section is effective for deeds executed by the commissioner of revenue after June 30, 2010.

Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

Subd. 2. **Conservation lands; county board supervision.** (a) ~~Lands classified as conservation lands, unless reclassified as nonconservation lands, sold to a governmental subdivision of the state, designated as lands primarily suitable for forest production and sold as hereinafter provided, or released from the trust in favor of the taxing districts, as herein provided, will~~ must be held under the supervision of the county board of the county within which ~~such~~ the parcels lie; and must not be conveyed or sold unless the lands are:

~~The county board may, by resolution duly adopted, declare lands classified as conservation lands as primarily suitable for timber production and as lands which should be placed in private ownership for such purposes. If such action be approved by the commissioner of natural resources, the lands so designated, or any part thereof, may be sold by the county board in the same manner as provided for the sale of lands classified as nonconservation lands. Such county action and the approval of the commissioner shall be limited to lands lying within areas zoned for restricted uses under the provisions of Laws 1939, chapter 340, or any amendments thereof.~~

- (1) reclassified as nonconservation lands;
- (2) conveyed to a governmental subdivision of the state under subdivision 1a;
- (3) released from the trust in favor of the taxing districts as provided in paragraph (b); or
- (4) conveyed or sold under the authority of another general or special law.

(b) The county board may, by resolution duly adopted, resolve that certain lands classified as conservation lands shall be devoted to conservation uses and may submit ~~such~~ a resolution to the commissioner of natural resources. If, upon investigation, the commissioner of natural resources determines that the lands covered by ~~such~~ the resolution, or any part thereof, can be managed and developed for conservation purposes, the commissioner shall make a certificate describing the lands and reciting the acceptance thereof on behalf of the state for such purposes. The commissioner shall transmit the certificate to the county auditor, who shall note the same upon the auditor's records and record the same with the county recorder. The title to all lands so accepted shall be held by the state free from any trust in favor of any and all taxing districts and ~~such~~ the lands shall be devoted thereafter to the purposes of forestry, water conservation, flood control, parks, game refuges, controlled game management areas, public shooting grounds, or other public recreational or conservation uses, and managed, controlled, and regulated for such purposes under the jurisdiction of the commissioner of natural resources and the divisions of the department.

(c) All proceeds derived from the sale of timber, lease of crops of hay, or other revenue from lands under the jurisdiction of the commissioner of natural resources shall be credited to the general fund of the state.

~~In case (d) If the commissioner of natural resources shall determine determines that any tract of land so held acquired by the state under paragraph (b) and situated within or adjacent to the boundaries of any governmental subdivision of the state is suitable for use by ~~such~~ the subdivision for any authorized public purpose, the commissioner may convey ~~such~~ the tract by deed in the name of the state to ~~such~~ the subdivision upon the filing with the commissioner of a resolution adopted by a majority vote of all the members of the governing body thereof, stating the purpose for which the land is desired. The deed of conveyance shall be upon a form approved by the attorney general and must be conditioned upon continued use for the purpose stated in the resolution. All proceeds derived from the sale of timber, lease of hay stumpage, or other revenue from such lands under the jurisdiction of the natural resources commissioner shall be paid into the general fund of the state.~~

(e) The county auditor, with the approval of the county board, may lease conservation lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived therefrom shall be distributed in the same manner as provided in section 282.04.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

Subd. 3. Nonconservation lands; appraisal and sale. (a) All parcels of land classified as nonconservation, except those which may be reserved, shall be sold as provided, if it is determined, by the county board of the county in which the parcels lie, that it is advisable to do so, having in mind their accessibility, their proximity to existing public improvements, and the effect of their sale and occupancy on the public burdens. Any parcels of land proposed to be sold shall be first

appraised by the county board of the county in which the parcels lie. The parcels may be reappraised whenever the county board deems it necessary to carry out the intent of sections 282.01 to 282.13.

(b) In an appraisal the value of the land and any standing timber on it shall be separately determined. No parcel of land containing any standing timber may be sold until the appraised value of the timber on it and the sale of the land have been approved by the commissioner of natural resources. The commissioner shall base review of a proposed sale on the policy and considerations specified in subdivision 1. The decision of the commissioner shall be in writing and shall state the reasons for it. The commissioner's decision is exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply. The county may appeal the decision of the commissioner in accordance with chapter 14.

(c) In any county in which a state forest or any part of it is located, the county auditor shall submit to the commissioner at least 60 days before the first publication of the list of lands to be offered for sale a list of all lands included on the list which are situated outside of any incorporated municipality. If, at any time before the opening of the sale, the commissioner notifies the county auditor in writing that there is standing timber on any parcel of such land, the parcel shall not be sold unless the requirements of this section respecting the separate appraisal of the timber and the approval of the appraisal by the commissioner have been complied with. The commissioner may waive the requirement of the 60-day notice as to any parcel of land which has been examined and the timber value approved as required by this section.

(d) If any public improvement is made by a municipality after any parcel of land has been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in whole or in part against the property benefited by it, the clerk of the municipality shall certify to the county auditor, immediately upon the determination of the assessments for the improvement, the total amount that would have been assessed against the parcel of land if it had been subject to assessment; or if the public improvement is made, petitioned for, ordered in or assessed, whether the improvement is completed in whole or in part, at any time between the appraisal and the sale of the parcel of land, the cost of the improvement shall be included as a separate item and added to the appraised value of the parcel of land at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land from lien for the special benefit conferred upon it by reason of the public improvement until the cost of it, including penalties, if any, is paid. The county board shall determine the amount, if any, by which the value of the parcel was enhanced by the improvement and include the amount as a separate item in fixing the appraised value for the purpose of sale. ~~In classifying, appraising, and selling the lands, the county board may designate the tracts as assessed and acquired, or may by resolution provide for the subdivision of the tracts into smaller units or for the grouping of several tracts into one tract when the subdivision or grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger tract must be classified and appraised as such before being offered for sale. If any such lands have once been classified, the board of county commissioners, in its discretion, may, by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

Subd. 4. **Sale: method, requirements, effects.** The sale authorized under subdivision 3 must be conducted by the county auditor at the county seat of the county in which the parcels lie, except that

in St. Louis and Koochiching Counties, the sale may be conducted in any county facility within the county. The sale must not be for less than the appraised value except as provided in subdivision 7a. The parcels must be sold for cash only ~~and at not less than the appraised value~~, unless the county board of the county has adopted a resolution providing for their sale on terms, in which event the resolution controls with respect to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, and the balance must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. Standing timber or timber products must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value must be allocated between the land and the timber in proportion to their respective appraised values. In that case, standing timber or timber products must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

Subd. 7. **County sales; notice, purchase price, disposition.** The sale must commence at the time determined by the county board of the county in which the parcels are located. The county auditor shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum less than the appraised value, until all of the parcels of land have been offered. Then the county auditor shall sell any remaining parcels to anyone offering to pay the appraised value, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all taxes, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, and any special assessments for improvements certified as of the date of sale. The sale must continue until all the parcels are sold or until the county board orders a reappraisal or withdraws any or all of the parcels from sale. The list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values. The added lands must be: (1) parcels of land that have become forfeited and classified as nonconservation since the commencement of any prior sale; (2) parcels classified as nonconservation that have been reappraised; (3) parcels that have been reclassified as nonconservation; or (4) other parcels that are subject to sale but were omitted from the existing list for any reason. The descriptions and appraised values must be published in the same manner as

provided for the publication of the original list. Parcels added to the list must first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels that are offered and not immediately sold, continue to be held in trust by the state for the taxing districts interested in each of the parcels, under the supervision of the county board. Those parcels may be used for public purposes until sold, as directed by the county board.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter or statutory city, or in a town which cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage or access may be sold by the county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale will encourage the approval of sale of the land by the city or town and promote its return to the tax rolls. If the physical characteristics of the land indicate that its highest and best use will be achieved by combining it with an adjoining parcel and the city or town has not adopted a local ordinance governing minimum area, shape, frontage, or access, the land may also be sold pursuant to this subdivision. If the property consists of an undivided interest in land or land and improvements, the property may also be sold to the other owners under this subdivision. The sale of land pursuant to this subdivision shall be subject to any conditions imposed by the county board pursuant to section 282.03. The governing body of the city or town may recommend to the county board conditions to be imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining the land to be sold. The county auditor shall conduct the sale by sealed bid or may select another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the land~~ and may be sold for less than its appraised value. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days prior to the sale.

This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 12. **Notice; public hearing for use change.** If a governmental subdivision that acquired a parcel for public use under this section later determines to change the use, it must hold a public hearing on the proposed use change. The governmental subdivision must mail written notice of the proposed use change and the public hearing to each owner of property that is within 400 feet of the parcel at least ten days and no more than 60 days before it holds the hearing. The notice must identify: (1) the parcel, (2) its current use, (3) the proposed use, (4) the date, time, and place of the public hearing, and (5) where to submit written comments on the proposal and that the public is invited to testify at the public hearing.

EFFECTIVE DATE. This section is effective July 1, 2010, and applies to a change in use of a parcel acquired under Minnesota Statutes, section 282.01, whether acquired by the governmental subdivision before or after the effective date of this section.

Sec. 14. **REPEALER.**

Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 10

MISCELLANEOUS

Section 1. **[3.192] REQUIREMENTS FOR NEW OR RENEWED TAX EXPENDITURES.**

Any bill that creates, renews, or continues a tax expenditure must include a statement of intent that clearly provides the purpose of the tax expenditure and a standard or goal against which its effectiveness may be measured. For purposes of this section, "tax expenditure" has the meaning given in section 270C.11, subdivision 6.

EFFECTIVE DATE. This section is effective for tax expenditures enacted after July 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 270C.34, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty or interest that is imposed by a law administered by the commissioner, or imposed by section 270.0725, subdivision 1 or 2, as a result of the late payment of tax or late filing of a return, if the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster or in a presidentially declared state of emergency area or in an area declared to be in a state of emergency by the governor under section 12.31.

(b) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

~~(c) The commissioner may abate a penalty imposed under section 270.0725, subdivision 1 or 2, if the failure to timely file is due to reasonable cause, or if the airline company is located in a presidentially declared disaster area.~~

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

Sec. 3. Minnesota Statutes 2008, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid

portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements that reflects the commissioner's costs for entering into payment agreements. The fee is set at \$50 and is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

EFFECTIVE DATE. This section is effective for payment agreements entered into or renegotiated after June 30, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 349.12, subdivision 25, is amended to read:

Subd. 25. **Lawful purpose.** (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity

with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

(2) a contribution to or expenditure for goods and services for an individual or family suffering from poverty, homelessness, or disability, which is used to relieve the effects of that suffering;

(3) a contribution to a program recognized by the Minnesota Department of Human Services for the education, prevention, or treatment of problem gambling;

(4) a contribution to or expenditure on a public or private nonprofit educational institution registered with or accredited by this state or any other state;

(5) a contribution to an individual, public or private nonprofit educational institution registered with or accredited by this state or any other state, or to a scholarship fund of a nonprofit organization whose primary mission is to award scholarships, for defraying the cost of education to individuals where the funds are awarded through an open and fair selection process;

(6) activities by an organization or a government entity which recognize military service to the United States, the state of Minnesota, or a community, subject to rules of the board, provided that the rules must not include mileage reimbursements in the computation of the per diem reimbursement limit and must impose no aggregate annual limit on the amount of reasonable and necessary expenditures made to support:

(i) members of a military marching or color guard unit for activities conducted within the state;

(ii) members of an organization solely for services performed by the members at funeral services;

(iii) members of military marching, color guard, or honor guard units may be reimbursed for participating in color guard, honor guard, or marching unit events within the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem; or

(iv) active military personnel and their immediate family members in need of support services;

(7) recreational, community, and athletic facilities and activities intended primarily for persons under age 21, provided that such facilities and activities do not discriminate on the basis of gender and the organization complies with section 349.154, subdivision 3a;

(8) payment of local taxes authorized under this chapter, taxes imposed by the United States on receipts from lawful gambling, the taxes imposed by section 297E.02, subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section 290.05, subdivision 3;

(9) payment of real estate taxes and assessments on permitted gambling premises owned by the licensed organization paying the taxes, or wholly leased by a licensed veterans organization under a national charter recognized under section 501(c)(19) of the Internal Revenue Code;

(10) a contribution to the United States, this state or any of its political subdivisions, or any agency or instrumentality thereof other than a direct contribution to a law enforcement or prosecutorial agency;

(11) a contribution to or expenditure by a nonprofit organization which is a church or body of communicants gathered in common membership for mutual support and edification in piety, worship, or religious observances;

(12) an expenditure for citizen monitoring of surface water quality by individuals or nongovernmental organizations that is consistent with section 115.06, subdivision 4, and Minnesota Pollution Control Agency guidance on monitoring procedures, quality assurance protocols, and data management, provided that the resulting data is submitted to the Minnesota Pollution Control Agency for review and inclusion in the state water quality database;

(13) a contribution to or expenditure on projects or activities approved by the commissioner of natural resources for:

(i) wildlife management projects that benefit the public at large;

(ii) grant-in-aid trail maintenance and grooming established under sections 84.83 and 84.927, and other trails open to public use, including purchase or lease of equipment for this purpose; and

(iii) supplies and materials for safety training and educational programs coordinated by the Department of Natural Resources, including the Enforcement Division;

(14) conducting nutritional programs, food shelves, and congregate dining programs primarily for persons who are age 62 or older or disabled;

(15) a contribution to a community arts organization, or an expenditure to sponsor arts programs in the community, including but not limited to visual, literary, performing, or musical arts;

(16) an expenditure by a licensed fraternal organization or a licensed veterans organization for payment of water, fuel for heating, electricity, and sewer costs for ~~a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veterans organization or fraternal organization:~~

(i) up to 100 percent for a building wholly owned or wholly leased by and used as the primary headquarters of the licensed veteran or fraternal organization; or

(ii) a proportional amount subject to approval by the director and based on the portion of a building used as the primary headquarters of the licensed veteran or fraternal organization;

(17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar year in net costs to the organization for meals and other membership events, limited to members and spouses, held in recognition of military service. No more than \$5,000 can be expended in total per calendar year under this clause by all licensed veterans organizations sharing the same veterans post home;

(18) payment of fees authorized under this chapter imposed by the state of Minnesota to conduct lawful gambling in Minnesota;

(19) a contribution or expenditure to honor an individual's humanitarian service as demonstrated through philanthropy or volunteerism to the United States, this state, or local community;

(20) a contribution by a licensed organization to another licensed organization with prior board approval, with the contribution designated to be used for one or more of the following lawful purposes under this section: clauses (1) to (7), (11) to (15), (19), and (25);

(21) an expenditure that is a contribution to a parent organization, if the parent organization: (i) has not provided to the contributing organization within one year of the contribution any money, grants, property, or other thing of value, and (ii) has received prior board approval for the

contribution that will be used for a program that meets one or more of the lawful purposes under subdivision 7a;

(22) an expenditure for the repair, maintenance, or improvement of real property and capital assets owned by an organization, or for the replacement of a capital asset that can no longer be repaired, with a fiscal year limit of five percent of gross profits from the previous fiscal year, with no carryforward of unused allowances. The fiscal year is July 1 through June 30. Total expenditures for the fiscal year may not exceed the limit unless the board has specifically approved the expenditures that exceed the limit due to extenuating circumstances beyond the organization's control. An expansion of a building or bar-related expenditures are not allowed under this provision.

(i) The expenditure must be related to the portion of the real property or capital asset that must be made available for use free of any charge to other nonprofit organizations, community groups, or service groups, or is used for the organization's primary mission or headquarters.

(ii) An expenditure may be made to bring an existing building that the organization owns into compliance with the Americans with Disabilities Act.

(iii) An organization may apply the amount that is allowed under item (ii) to the erection or acquisition of a replacement building that is in compliance with the Americans with Disabilities Act if the board has specifically approved the amount. The cost of the erection or acquisition of a replacement building may not be made from gambling proceeds, except for the portion allowed under this item;

(23) an expenditure for the acquisition or improvement of a capital asset with a cost greater than \$2,000, excluding real property, that will be used exclusively for lawful purposes under this section if the board has specifically approved the amount;

(24) an expenditure for the acquisition, erection, improvement, or expansion of real property, if the board has first specifically authorized the expenditure after finding that the real property will be used exclusively for lawful purpose under this section; or

(25) an expenditure, including a mortgage payment or other debt service payment, for the erection or acquisition of a comparable building to replace an organization-owned building that was destroyed or made uninhabitable by fire or catastrophe or to replace an organization-owned building that was taken or sold under an eminent domain proceeding. The expenditure may be only for that part of the replacement cost not reimbursed by insurance for the fire or catastrophe or compensation not received from a governmental unit under the eminent domain proceeding, if the board has first specifically authorized the expenditure.

(b) Expenditures authorized by the board under clauses (24) and (25) must be 51 percent completed within two years of the date of board approval; otherwise the organization must reapply to the board for approval of the project. "Fifty-one percent completed" means that the work completed must represent at least 51 percent of the value of the project as documented by the contractor or vendor.

(c) Notwithstanding paragraph (a), "lawful purpose" does not include:

(1) any expenditure made or incurred for the purpose of influencing the nomination or election of a candidate for public office or for the purpose of promoting or defeating a ballot question;

- (2) any activity intended to influence an election or a governmental decision-making process;
- (3) a contribution to a statutory or home rule charter city, county, or town by a licensed organization with the knowledge that the governmental unit intends to use the contribution for a pension or retirement fund; or
- (4) a contribution to a 501(c)(3) organization or other entity with the intent or effect of not complying with lawful purpose restrictions or requirements.

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

Sec. 5. TAX EXPENDITURE REVIEW REPORT.

Subdivision 1. Report to the legislature. By February 15, 2011, the commissioner of revenue shall provide a report to the chairs and ranking minority members of the house of representatives and senate tax committees with jurisdiction over taxes suggesting a process for the periodic review and sunset or extension of tax expenditures on an ongoing basis.

Subd. 2. Contents of the report. (a) The report shall include the following information for every tax, as defined in Minnesota Statutes, section 270C.11, subdivision 6:

- (1) a definition of the tax base for the tax;
- (2) a definition of a tax expenditure for each tax; and
- (3) a list of existing provisions in law that meet the definition of tax expenditure for each tax.

(b) The report shall include a suggested list of information, currently not included in the tax expenditure budget under Minnesota Statutes, section 270C.11, needed to allow evaluation of the effectiveness of new and existing tax expenditures in meeting not only the stated goal of the tax expenditure but also the general tax principles of:

- (1) transparency and understandability;
- (2) simplicity and efficiency;
- (3) equity;
- (4) stability and predictability;
- (5) compliance and accountability;
- (6) national and global competitiveness; and
- (7) conformity of the expenditure with corresponding federal taxes and multistate agreements.

(c) The report shall also include recommendations on specific procedures for periodic review of tax expenditures, including the need for additional reports, study or oversight groups, and fiscal or other resources, and a suggested timetable for systematic review of the tax expenditures in the various tax areas.

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

Sec. 6. OTTERTAIL COUNTY; ADDITIONAL AID, 2010 ONLY.

\$200,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of revenue to make a payment to Ottertail County to compensate the county for costs incurred for repair of roads and other infrastructure due to flooding. The payment shall be made with the December 2010 payment under Minnesota Statutes, section 477A.015.

Sec. 7. APPROPRIATION; CHISAGO COUNTY.

\$100,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of commerce to be used to provide a grant to Chisago County for development of a carbon neutral industrial park that received a grant under Laws 2009, chapter 138, article 4. This is a onetime appropriation.

Sec. 8. APPROPRIATION; CITY OF PRINCETON.

\$100,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of employment and economic development to be used to provide a grant to the city of Princeton for engineering and preliminary design for a biomass facility and industrial park improvements for renewable energy development. This is a onetime appropriation.

Sec. 9. APPROPRIATION; DEPARTMENT OF REVENUE FACILITY; ELY.

\$100,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of revenue to be used for facility and parking improvements at the revenue department facility in Ely. This is a onetime appropriation.

Sec. 10. APPROPRIATION; TAX EXPENDITURE REVIEW REPORT.

\$60,000 is appropriated in fiscal year 2011 from the general fund to the commissioner of revenue for the tax expenditure review report required under section 5. The appropriation under this section is onetime and is not added to the agency's base budget."

Delete the title and insert:

"A bill for an act relating to the financing and operation of state and local government; making policy, technical, administrative, payment, enforcement, collection, refund, and other changes to individual income; corporate franchise, estate, sales and use, local taxes, gross receipts, gross revenues, cigarette, tobacco, insurance, property, minerals, petroleum, and other taxes and tax-related provisions; property tax reform, accountability, value, and efficiency provisions; authorizing and modifying certain local taxes; making changes to tax-forfeited land, emergency debt certificate, local government aid, job opportunity building zone, special service district, agricultural preserve, tax increment financing, economic development authority, lawful gambling and special taxing district provisions; increasing and modifying certain borrowing authorities; modifying bond allocation provisions; requiring studies; providing appointments; providing grants; appropriating money for a revenue department facility and parking improvements; appropriating money; amending Minnesota Statutes 2008, sections 60A.209, subdivision 1; 103D.335, subdivision 17; 270.075, subdivisions 1, 2; 270C.34, subdivision 1; 270C.52, subdivision 2; 270C.87; 270C.94, subdivision 3; 272.02, subdivision 31; 272.0213; 272.025, subdivisions 1, 3; 272.029, subdivisions 4, 7; 273.113, subdivision 3; 273.124, subdivisions 8, 14; 273.13, subdivision 22; 273.1392; 275.71, subdivisions 4, 5; 275.75; 276.02; 279.01, subdivision 3; 279.025; 279.37, subdivision 1; 282.01, subdivisions 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 289A.08, subdivision 7; 289A.09, subdivision 2; 289A.12, subdivision 14; 289A.30, subdivision 2; 289A.50,

subdivisions 2, 4; 289A.60, subdivision 7; 290.014, subdivision 2; 290.067, subdivision 1; 290.081; 290.0921, subdivision 3; 290.17, subdivision 2; 295.55, subdivisions 2, 3; 297A.62, as amended; 297A.665; 297A.68, subdivision 39; 297A.70, subdivision 13; 297A.71, subdivision 23, by adding a subdivision; 297A.75, subdivision 3; 297A.995, subdivisions 10, 11; 297F.01, subdivision 22a; 297F.04, by adding a subdivision; 297F.07, subdivision 4; 297F.25, subdivision 1; 297I.01, subdivision 9; 297I.05, subdivision 7; 297I.30, subdivisions 1, 2, 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by adding a subdivision; 298.282, subdivision 1; 373.40, subdivision 1; 383B.79, subdivision 5; 428A.12; 428A.18, subdivision 2; 469.101, subdivision 1; 469.319, subdivision 5; 469.3193; 473.39, by adding a subdivision; 473H.05, subdivision 1; 474A.04, subdivision 6; 474A.091, subdivision 3; 477A.17; Minnesota Statutes 2009 Supplement, sections 134.34, subdivision 4; 273.111, subdivisions 3a, 4; 273.114, subdivisions 1, 2, 5; 273.124, subdivision 3a; 273.13, subdivisions 23, 25; 275.065, subdivision 3; 275.70, subdivision 5, as amended; 279.01, subdivision 1; 289A.18, subdivision 1; 290.01, subdivisions 19a, 19b, as amended, 19d; 290.06, subdivision 2c; 290.0671, subdivision 1; 290.091, subdivision 2; 297A.75, subdivisions 1, 2; 297I.35, subdivision 2; 349.12, subdivision 25; 429.011, subdivision 2a; 475.755; 477A.013, subdivision 8; Laws 1999, chapter 243, article 4, section 18, subdivisions 3, as amended, 4; Laws 2001, First Special Session chapter 5, article 3, section 50, as amended; Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2009, chapter 88, article 2, section 49; article 4, sections 5; 23, subdivision 4; Laws 2010, chapter 216, sections 2, subdivision 3; 3, subdivision 6; by adding subdivisions; 4, subdivisions 1, 2, 4, 6, 7, 8; 58, as amended; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 270C; 296A; 645; repealing Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, 11; 297I.30, subdivisions 4, 5, 6; 383A.76."

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

House Conferees: Ann Lenczewski, Paul Marquart, Lyle Koenen, Diane Loeffler, Dean Urdahl

Senate Conferees: Rod Skoe, Ann H. Rest, Mee Moua, Julie Rosen

Senator Bakk moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3729 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3729 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 50 and nays 17, as follows:

Those who voted in the affirmative were:

Bakk	Dille	Lourey	Pariseau	Sheran
Berglin	Doll	Lynch	Pogemiller	Sieben
Betzold	Erickson Ropes	Marty	Prettner Solon	Skoe
Bonoff	Fobbe	Metzen	Rest	Skogen
Carlson	Foley	Moua	Rosen	Sparks
Chaudhary	Frederickson	Murphy	Rummel	Stumpf
Clark	Higgins	Olseen	Saltzman	Tomassoni
Cohen	Kelash	Olson, G.	Saxhaug	Torres Ray
Dahle	Langseth	Olson, M.	Scheid	Vickerman
Dibble	Latz	Pappas	Senjem	Wiger

Those who voted in the negative were:

Anderson	Hann	Koch	Michel	Vandev eer
Fischbach	Ingebrigtsen	Koering	Ortman	
Gerlach	Johnson	Kubly	Parry	
Gimse	Jungbauer	Limmer	Robling	

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 251 and 2469.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2072:

H.F. No. 2072: A bill for an act relating to education finance; updating a reference; amending Minnesota Statutes 2008, section 126C.05, subdivision 2.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Greiling, Mariani, Garofalo, Ward and Brynaert have been appointed as such committee on the part of the House.

House File No. 2072 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

Senator Stumpf moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2072, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 2859:

H.F. No. 2859: A bill for an act relating to human services; modifying a nursing facility rate provision; amending Minnesota Statutes 2008, section 256B.431, subdivision 35.

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

Simon, Kalin and Gottwalt have been appointed as such committee on the part of the House.

House File No. 2859 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

Senator Cohen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 2859, 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.

RECESS

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

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

APPOINTMENTS

Senator Pogemiller from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 2072: Senators Stumpf; Wiger; Olson, G.; Saltzman and Bonoff.

H.F. No. 2859: Senators Cohen, Pappas and Latz.

Senator Pogemiller moved that the foregoing appointments be approved. The motion prevailed.

RECESS

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

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

CALL OF THE SENATE

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3834, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3834 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted May 15, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3834

A bill for an act relating to state government; requiring the commissioner of Minnesota Management and Budget to provide a cash flow forecast to the governor and legislature; proposing coding for new law in Minnesota Statutes, chapter 16A.

May 15, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3834 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3834 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**SUMMARY**Section 1. **GENERAL FUND SUMMARY.**

The amounts shown in this section summarize general fund direct and open appropriations, and transfers into the general fund from other funds, made in articles 2 to 14, after forecast adjustments and after voiding certain allotment reductions.

	<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>E-12 Education</u>	\$ (1,069,361,000)	\$	(893,834,000)	\$	(1,963,195,000)
<u>Higher Education</u>	(77,000)		(100,077,000)		(100,154,000)

<u>Environment and Natural Resources</u>	<u>(1,571,000)</u>	<u>(1,564,000)</u>	<u>(3,135,000)</u>
<u>Energy</u>	<u>(247,000)</u>	<u>(247,000)</u>	<u>(494,000)</u>
<u>Agriculture</u>	<u>(493,000)</u>	<u>(492,000)</u>	<u>(985,000)</u>
<u>Economic Development</u>	<u>(489,000)</u>	<u>(745,000)</u>	<u>(1,234,000)</u>
<u>Transportation</u>	<u>(1,649,000)</u>	<u>(11,649,000)</u>	<u>(13,298,000)</u>
<u>Public Safety</u>	<u>(79,000)</u>	<u>(79,000)</u>	<u>(158,000)</u>
<u>State Government</u>	<u>(1,694,000)</u>	<u>(15,820,000)</u>	<u>(17,514,000)</u>
<u>Health and Human Services</u>	<u>(74,704,000)</u>	<u>(83,052,000)</u>	<u>(157,756,000)</u>
<u>Tax Aids and Credits</u>	<u>(103,986,000)</u>	<u>(385,495,000)</u>	<u>(489,481,000)</u>
<u>Subtotal of Appropriations</u>	<u>(1,254,530,000)</u>	<u>(1,493,054,000)</u>	<u>(2,747,584,000)</u>
<u>Transfers In</u>	<u>40,418,000</u>	<u>40,000,000</u>	<u>80,418,000</u>
<u>Total</u>	<u>\$ (1,294,948,000) \$</u>	<u>(1,533,054,000) \$</u>	<u>(2,828,002,000)</u>

Sec. 2. **ALLOTMENT REDUCTIONS VOID.**

The allotment reductions made by the commissioner of management and budget from July 1, 2009, to the effective date of this section are void.

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

ARTICLE 2

CASH FLOW

Section 1. Minnesota Statutes 2008, section 127A.46, is amended to read:

127A.46 CHANGE IN PAYMENT OF AIDS AND CREDITS.

If the commissioner of management and budget determines that modifications in the payment schedule would reduce the need for state short-term borrowing, the commissioner ~~shall~~ may modify payments to districts according to this section. The modifications must begin no sooner than September 1 of each fiscal year, and must remain in effect until no later than May 30 of that same fiscal year. In calculating the payment to a district pursuant to section 127A.45, subdivision 3, the commissioner may subtract the sum specified in that subdivision, plus an additional amount no greater than the following:

(1) the net cash balance in each of the district's operating funds on June 30 of the preceding fiscal year; minus

(2) the product of ~~\$150~~ \$700 times the number of resident pupil units in the preceding fiscal year; minus

(3) the amount of payments made by the county treasurer during the preceding fiscal year, pursuant to section 276.11, which is considered revenue for the current school year. However, no additional amount shall be subtracted if the total of the net unappropriated fund balances in the

district's four operating funds on June 30 of the preceding fiscal year, is less than the product of ~~\$350~~ \$700 times the number of resident pupil units in the preceding fiscal year. The net cash balance must include all cash and investments, less certificates of indebtedness outstanding, and orders not paid for want of funds.

A district may appeal the payment schedule established by this section according to the procedures established in section 127A.45, subdivision 4.

Sec. 2. Minnesota Statutes 2009 Supplement, section 137.025, subdivision 1, is amended to read:

Subdivision 1. **Monthly payments.** The commissioner of management and budget shall pay 1/12 of the annual appropriation to the University of Minnesota ~~on~~ by the 21st 25th day of each month. If the ~~21st~~ 25th day of the month falls on a Saturday or Sunday, the monthly payment must be made ~~on~~ by the first business day immediately following the 21st 25th day of the month.

Sec. 3. Minnesota Statutes 2008, section 276.112, is amended to read:

276.112 STATE PROPERTY TAXES; COUNTY TREASURER.

~~On or before January 25 each year, for the period ending December 31 of the prior year, and on or before June 28 each year, for the period ending on the most recent settlement day determined in section 276.09, and on or before December 2 each year, for the period ending November 20 the estimated payment and settlement dates provided in this chapter for the settlement of taxes levied by school districts, the county treasurer must make full settlement with the county auditor according to sections 276.09, 276.10, and 276.111 for all receipts of state property taxes levied under section 275.025, and must transmit those receipts to the commissioner of revenue by electronic means on the dates and according to the provisions applicable to distributions to school districts.~~

EFFECTIVE DATE. This section is effective for distributions beginning October 1, 2010, and thereafter.

Sec. 4. Minnesota Statutes 2009 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

(1) use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year; and

(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:

(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.

(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must

remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.

(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.

(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of \$120,000 or more during the most recent fiscal year ending June 30.

(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).

(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.

(b) Notwithstanding paragraph (a), a vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

~~(1) \$20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2) (1) \$10,000 or more in the, but less than \$120,000 during a fiscal year ending June 30, 2006 2009, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in the subsequent calendar year by electronic means on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.; or~~

(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar year, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs

from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.

(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.

EFFECTIVE DATE. This section is effective for taxes due and payable after September 1, 2010.

Sec. 5. Minnesota Statutes 2008, section 289A.60, is amended by adding a subdivision to read:

Subd. 31. Accelerated payment of monthly sales tax liability; penalty for underpayment. For payments made after September 1, 2010, if a vendor is required by section 289A.20, subdivision 4, paragraph (a), clause (2), item (i) or (ii), to make accelerated payments, then the penalty for underpayment is as follows:

(a) For those vendors that must remit a 90 percent payment by the 14th day of the month following the month in which the taxable event occurred, as an estimation of monthly sales tax liabilities, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter 297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 14th day of the month, less the amount remitted by the 14th day of the month. The penalty must not be imposed, however, if the amount remitted by the 14th day of the month equals the least of: (1) 90 percent of the liability for the month preceding the month in which the taxable event occurred; (2) 90 percent of the liability for the same month in the previous calendar year as the month in which the taxable event occurred; or (3) 90 percent of the average monthly liability for the previous calendar year.

(b) For those vendors that, on or before the 20th day of the month in which the taxable event occurs, must remit to the commissioner a prepayment of sales tax liabilities for the month in which the taxable event occurs equal to 67 percent of the liabilities for the previous month, including the liability of any fee or other tax that is to be reported on the same return as and paid with the chapter

297A taxes, for the month in which the taxable event occurred, the vendor shall pay a penalty equal to ten percent of the amount of liability that was required to be paid by the 20th of the month, less the amount remitted by the 20th of the month. The penalty must not be imposed, however, if the amount remitted by the 20th of the month equals the lesser of 67 percent of the liability for the month preceding the month in which the taxable event occurred or 67 percent of the liability of the same month in the previous calendar year as the month in which the taxable event occurred.

EFFECTIVE DATE. This section is effective for taxes due and payable after September 1, 2010.

Sec. 6. **PAYMENT OF REFUNDS.**

(a) In paying refunds during fiscal year 2011 of overpayments of corporate franchise tax and of sales tax, including but not limited to capital equipment refunds, the commissioner of revenue shall delay paying a sufficient number of these refunds until fiscal year 2012 so that \$152,000,000 less in refunds is paid in fiscal year 2011 than otherwise would have been paid. This amount is in addition to any amount that the commissioner delays pursuant to administrative actions undertaken in connection with the unallotment announced in June 2009. Refunds delayed by the commissioner under this section are deemed to be due on July 1, 2011, for budget purposes, if the law otherwise would provide an earlier date. Any refunds paid after June 30, 2011, and before the close of fiscal year 2011 are deemed to be paid in fiscal year 2012 for budget purposes.

(b) In carrying out the requirement of paragraph (a), the commissioner shall, to the extent possible, minimize delaying the payment of refunds that would result in payment of additional interest by the state. The commissioner may select refunds for delayed payment under this section or exempt refunds from this section in the manner that the commissioner determines, in the commissioner's sole discretion, has the least adverse effect on tax administration and taxpayer compliance.

ARTICLE 3

E-12 EDUCATION

Section 1. Minnesota Statutes 2008, section 123B.75, is amended by adding a subdivision to read:

Subd. 1a. **Definition.** For the purposes of this section, "school district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009.

Sec. 2. Minnesota Statutes 2008, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** ~~(a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.~~

~~(b) For fiscal year 2004 and later years 2009 and 2010, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar~~

year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus

(iii) zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

(b) For fiscal year 2011 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus

(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009.

Sec. 3. Minnesota Statutes 2008, section 123B.75, subdivision 9, is amended to read:

Subd. 9. **Commissioner shall specify fiscal year.** The commissioner shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify. The commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over education finance by January 15 of each year any adjustments under this subdivision in the previous year.

Sec. 4. Minnesota Statutes 2008, section 126C.48, subdivision 7, is amended to read:

Subd. 7. **Reporting.** For each tax settlement, the county auditor shall report to each school district by fund, the district tax settlement revenue defined in section 123B.75, subdivision 5, paragraph ~~(a)~~ 1a, on the form specified in section 276.10. The county auditor shall send to the district a copy of the spread levy report specified in section 275.124.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009.

Sec. 5. Minnesota Statutes 2008, section 127A.441, is amended to read:

127A.441 AID REDUCTION; LEVY REVENUE RECOGNITION CHANGE.

Each year, the state aids payable to any school district for that fiscal year that are recognized as revenue in the school district's general and community service funds shall be adjusted by an amount equal to (1) the amount the district recognized as revenue for the prior fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b), minus (2) the amount the district recognized as revenue for the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (a) or (b). For purposes of making the aid adjustments under this section, the amount the district recognizes as revenue for either the prior fiscal year or the current fiscal year pursuant to section 123B.75, subdivision 5, paragraph (b), shall not include any amount levied pursuant to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6. Payment from the permanent school fund shall not be adjusted pursuant to this section. The school district shall be notified of the amount of the adjustment made to each payment pursuant to this section.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009.

Sec. 6. Minnesota Statutes 2008, section 127A.45, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) ~~The term~~ "Other district receipts" means payments by county treasurers pursuant to section 276.10, apportionments from the school endowment fund pursuant to section 127A.33, apportionments by the county auditor pursuant to section 127A.34, subdivision 2, and payments to school districts by the commissioner of revenue pursuant to chapter 298.

(b) ~~The term~~ "Cumulative amount guaranteed" means the product of

(1) the cumulative disbursement percentage shown in subdivision 3; times

(2) the sum of

(i) the current year aid payment percentage of the estimated aid and credit entitlements paid according to subdivision 13; plus

(ii) 100 percent of the entitlements paid according to subdivisions 11 and 12; plus

(iii) the other district receipts.

(c) ~~The term~~ "Payment date" means the date on which state payments to districts are made by the electronic funds transfer method. If a payment date falls on a Saturday, a Sunday, or a weekday which is a legal holiday, the payment shall be made on the immediately preceding business day. The commissioner may make payments on dates other than those listed in subdivision 3, but only for portions of payments from any preceding payment dates which could not be processed by the

electronic funds transfer method due to documented extenuating circumstances.

(d) The current year aid payment percentage equals 90 ~~73~~ in fiscal year 2010, 70 in fiscal year 2011, and 90 in fiscal years 2012 and later.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2009.

Sec. 7. Minnesota Statutes 2008, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **Payment dates and percentages.** (a) ~~For fiscal year 2004 and later,~~ The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of ~~(a)~~ (1) the district's other district receipts through the current payment, and ~~(b)~~ (2) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	5.5
Payment 2	July 30:	8.0
Payment 3	August 15:	17.5
Payment 4	August 30:	20.0
Payment 5	September 15:	22.5
Payment 6	September 30:	25.0
Payment 7	October 15:	27.0
Payment 8	October 30:	30.0
Payment 9	November 15:	32.5
Payment 10	November 30:	36.5
Payment 11	December 15:	42.0
Payment 12	December 30:	45.0
Payment 13	January 15:	50.0
Payment 14	January 30:	54.0
Payment 15	February 15:	58.0
Payment 16	February 28:	63.0
Payment 17	March 15:	68.0
Payment 18	March 30:	74.0
Payment 19	April 15:	78.0
Payment 20	April 30:	85.0
Payment 21	May 15:	90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

~~(b) In addition to the amounts paid under paragraph (a), for fiscal year 2004, the commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

- ~~Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392~~
- ~~Payment 4 August 30: one third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
- ~~Payment 6 September 30: one third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
- ~~Payment 8 October 30: one third of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~

~~(e) (b) In addition to the amounts paid under paragraph (a), for fiscal year 2005 and later, the commissioner shall pay to a district on the dates indicated an amount computed as follows:~~

- ~~Payment 3 August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392~~
- ~~Payment 4 August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
- ~~Payment 6 September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~
- ~~Payment 8 October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits~~

EFFECTIVE DATE. This section is effective the day following final enactment and applies to fiscal years 2010 and later.

Sec. 8. Minnesota Statutes 2008, section 127A.45, is amended by adding a subdivision to read:

Subd. 7b. Advance final payment. (a) Notwithstanding subdivisions 3 and 7, if the current year aid payment percentage, under subdivision 2, is less than 90, then a school district or charter school exceeding its expenditure limitations under section 123B.83 as of June 30 of the prior fiscal year may receive a portion of its final payment for the current fiscal year on June 20, if requested by the district or charter school. The amount paid under this subdivision must not exceed the lesser of:

(1) the difference between 90 percent and the current year payment percentage in subdivision 2, paragraph (d), in the current fiscal year times the sum of the district or charter school's general education aid plus the aid adjustment in section 127A.50 for the current fiscal year; or

(2) the amount by which the district's or charter school's net negative unreserved general fund balance as of June 30 of the prior fiscal year exceeds 2.5 percent of the district or charter school's expenditures for that fiscal year.

(b) The state total advance final payment under this subdivision for any year must not exceed \$7,500,000. If the amount request exceeds \$7,500,000, the advance final payment for each eligible district must be reduced proportionately.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to fiscal years 2010 and later.

Sec. 9. Minnesota Statutes 2008, section 127A.45, subdivision 13, is amended to read:

Subd. 13. **Aid payment percentage.** Except as provided in subdivisions 11, 12, 12a, and 14, each fiscal year, all education aids and credits in this chapter and chapters 120A, 120B, 121A, 122A, 123A, 123B, 124D, 125A, 125B, 126C, 134, and section 273.1392, shall be paid at the current year aid payment percentage of the estimated entitlement during the fiscal year of the entitlement. ~~For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2005 equals 70 percent of the district's entitlement for the second prior fiscal year.~~ For the purposes of this subdivision, a district's estimated entitlement for special education excess cost aid under section 125A.79 for fiscal year 2006 and later equals 74.0 percent of the district's entitlement for the current fiscal year. The final adjustment payment, according to subdivision 9, must be the amount of the actual entitlement, after adjustment for actual data, minus the payments made during the fiscal year of the entitlement.

Sec. 10. Laws 2009, chapter 96, article 1, section 24, subdivision 2, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

	<u>5,195,504,000</u>		
\$	<u>4,291,422,000</u>	.....	2010
	<u>5,626,994,000</u>		
\$	<u>4,776,884,000</u>	.....	2011

The 2010 appropriation includes ~~\$555,864,000~~ \$553,591,000 for 2009 and ~~\$4,639,640,000~~ \$3,737,831,000 for 2010.

The 2011 appropriation includes ~~\$500,976,000~~ \$1,363,306,000 for 2010 and ~~\$5,126,018,000~~ \$3,413,578,000 for 2011.

Sec. 11. Laws 2009, chapter 96, article 6, section 11, subdivision 6, is amended to read:

Subd. 6. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	50,000 <u>49,000</u>	.....	2010
\$	50,000 <u>49,000</u>	.....	2011

Any balance in the first year does not cancel but is available in the second year.

Sec. 12. Laws 2009, chapter 96, article 6, section 11, subdivision 7, is amended to read:

Subd. 7. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$	287,000 <u>281,000</u>	2010
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\$ ~~287,000~~ 281,000 2011

Any balance in the first year does not cancel but is available in the second year.

Sec. 13. Laws 2009, chapter 96, article 7, section 3, subdivision 2, is amended to read:

Subd. 2. **Department.** (a) For the Department of Education:

\$ ~~20,943,000~~
20,147,600 2010

\$ ~~20,943,000~~
19,811,000 2011

Any balance in the first year does not cancel but is available in the second year.

(b) \$260,000 each year is for the Minnesota Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

(d) ~~\$632,000~~ \$618,000 each year is for the Board of Teaching. Any balance in the first year does not cancel but is available in the second year.

(e) ~~\$171,000~~ \$167,000 each year is for the Board of School Administrators. Any balance in the first year does not cancel but is available in the second year.

(f) ~~\$40,000 each year~~ \$10,000 is for an early hearing loss intervention coordinator under Minnesota Statutes, section 125A.63, subdivision 5. This appropriation is for fiscal year 2010 only. If the department expends federal funds to employ a hearing loss coordinator under Minnesota Statutes, section 125A.63, subdivision 5, then the appropriation under this paragraph is reallocated for purposes of employing a world languages coordinator.

(g) \$50,000 each year is for the Duluth Children's Museum.

(h) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C., office.

(i) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated. The commissioner must provide, to the K-12 Education Finance Division in the house of representatives and the E-12 Budget Division in the senate, details about the distribution of state incentive grants, education technology state grants, teacher incentive funds, and statewide data system funds as outlined in the supplemental federal funds submission dated March 25, 2009.

ARTICLE 4

E-12 EDUCATION FORECAST ADJUSTMENTS

Section 1. Minnesota Statutes 2009 Supplement, section 123B.54, is amended to read:

123B.54 DEBT SERVICE APPROPRIATION.

(a) ~~\$9,109,000 in fiscal year 2009, \$7,948,000 in fiscal year 2010, \$9,275,000 in fiscal year 2011,~~

~~\$9,574,000~~ \$17,161,000 in fiscal year 2012, and ~~\$8,904,000~~ \$19,175,000 in fiscal year 2013 and later are appropriated from the general fund to the commissioner of education for payment of debt service equalization aid under section 123B.53.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 2. Laws 2009, chapter 96, article 1, section 24, subdivision 4, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

	<u>1,175,000</u>		
\$	<u>1,000,000</u>	.....	2010
	<u>1,034,000</u>		
\$	<u>1,132,000</u>	.....	2011

The 2010 appropriation includes \$140,000 for 2009 and ~~\$1,035,000~~ \$860,000 for 2010.

The 2011 appropriation includes ~~\$115,000~~ \$317,000 for 2010 and ~~\$919,000~~ \$815,000 for 2011.

Sec. 3. Laws 2009, chapter 96, article 1, section 24, subdivision 5, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	854,000 <u>684,000</u>	.....	2010
\$	927,000 <u>576,000</u>	.....	2011

The 2010 appropriation includes \$0 for 2009 and ~~\$854,000~~ \$684,000 for 2010.

The 2011 appropriation includes ~~\$94,000~~ \$252,000 for 2010 and ~~\$833,000~~ \$324,000 for 2011.

Sec. 4. Laws 2009, chapter 96, article 1, section 24, subdivision 6, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

	<u>17,250,000</u>		
\$	<u>12,861,000</u>	.....	2010
	<u>17,889,000</u>		
\$	<u>16,157,000</u>	.....	2011

The 2010 appropriation includes ~~\$1,647,000~~ \$1,067,000 for 2009 and ~~\$15,603,000~~ \$11,794,000 for 2010.

The 2011 appropriation includes ~~\$1,733,000~~ \$4,362,000 for 2010 and ~~\$16,156,000~~ \$11,795,000 for 2011.

Sec. 5. Laws 2009, chapter 96, article 1, section 24, subdivision 7, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under

Minnesota Statutes, section 123B.92, subdivision 9:

	22,159,000		
\$	<u>17,297,000</u>	.....	2010
	22,712,000		
\$	<u>19,729,000</u>	.....	2011

The 2010 appropriation includes \$2,077,000 for 2009 and ~~\$20,082,000~~ \$15,220,000 for 2010.

The 2011 appropriation includes ~~\$2,231,000~~ \$5,629,000 for 2010 and ~~\$20,481,000~~ \$14,100,000 for 2011.

Sec. 6. Laws 2009, chapter 96, article 2, section 67, subdivision 2, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

	40,453,000		
\$	<u>34,833,000</u>	.....	2010
	44,775,000		
\$	<u>44,938,000</u>	.....	2011

The 2010 appropriation includes \$3,704,000 for 2009 and ~~\$36,749,000~~ \$31,129,000 for 2010.

The 2011 appropriation includes ~~\$4,083,000~~ \$11,513,000 for 2010 and ~~\$40,692,000~~ \$33,425,000 for 2011.

Sec. 7. Laws 2009, chapter 96, article 2, section 67, subdivision 3, is amended to read:

Subd. 3. **Charter school startup aid.** For charter school startup cost aid under Minnesota Statutes, section 124D.11:

	1,488,000		
\$	<u>1,218,000</u>	.....	2010
	1,064,000		
\$	<u>743,000</u>	.....	2011

The 2010 appropriation includes \$202,000 for 2009 and ~~\$1,286,000~~ \$1,016,000 for 2010.

The 2011 appropriation includes ~~\$142,000~~ \$375,000 for 2010 and ~~\$922,000~~ \$368,000 for 2011.

Sec. 8. Laws 2009, chapter 96, article 2, section 67, subdivision 4, is amended to read:

Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section 124D.86, subdivision 5:

	65,358,000		
\$	<u>50,812,000</u>	.....	2010
	65,484,000		
\$	<u>61,782,000</u>	.....	2011

The 2010 appropriation includes ~~\$6,110,000~~ \$5,832,000 for 2009 and ~~\$59,248,000~~ \$44,980,000 for 2010.

The 2011 appropriation includes ~~\$6,583,000~~ \$16,636,000 for 2010 and ~~\$58,901,000~~ \$45,146,000 for 2011.

Sec. 9. Laws 2009, chapter 96, article 2, section 67, subdivision 7, is amended to read:

Subd. 7. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

	2,137,000		
\$	<u>1,774,000</u>	.....	2010
	2,137,000		
\$	<u>2,072,000</u>	.....	2011

The 2010 appropriation includes \$213,000 for 2009 and ~~\$1,924,000~~ \$1,561,000 for 2010.

The 2011 appropriation includes ~~\$213,000~~ \$576,000 for 2010 and ~~\$1,924,000~~ \$1,496,000 for 2011.

Sec. 10. Laws 2009, chapter 96, article 2, section 67, subdivision 9, is amended to read:

Subd. 9. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

	2,030,000		
\$	<u>1,702,000</u>	.....	2010
	2,211,000		
\$	<u>2,119,000</u>	.....	2011

The 2010 appropriation includes \$191,000 for 2009 and ~~\$1,839,000~~ \$1,511,000 for 2010.

The 2011 appropriation includes ~~\$204,000~~ \$558,000 for 2010 and ~~\$2,007,000~~ \$1,561,000 for 2011.

Sec. 11. Laws 2009, chapter 96, article 3, section 21, subdivision 2, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

	734,071,000		
\$	<u>609,003,000</u>	.....	2010
	781,497,000		
\$	<u>749,248,000</u>	.....	2011

The 2010 appropriation includes \$71,947,000 for 2009 and ~~\$662,124,000~~ \$537,056,000 for 2010.

The 2011 appropriation includes ~~\$73,569,000~~ \$198,637,000 for 2010 and ~~\$707,928,000~~ \$550,611,000 for 2011.

Sec. 12. Laws 2009, chapter 96, article 3, section 21, subdivision 4, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	258,000	<u>224,000</u>	.....	2010
\$	282,000	<u>282,000</u>	.....	2011

The 2010 appropriation includes \$24,000 for 2009 and ~~\$234,000~~ \$200,000 for 2010.

The 2011 appropriation includes ~~\$26,000~~ \$73,000 for 2010 and ~~\$256,000~~ \$209,000 for 2011.

Sec. 13. Laws 2009, chapter 96, article 3, section 21, subdivision 5, is amended to read:

Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota Statutes, section 125A.79, subdivision 7:

\$	110,871,000	<u>96,926,000</u>	.....	2010
\$	110,877,000	<u>108,410,000</u>	.....	2011

The 2010 appropriation includes \$37,046,000 for 2009 and ~~\$73,825,000~~ \$59,880,000 for 2010.

The 2011 appropriation includes ~~\$37,022,000~~ \$50,967,000 for 2010 and ~~\$73,855,000~~ \$57,443,000 for 2011.

Sec. 14. Laws 2009, chapter 96, article 4, section 12, subdivision 2, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	461,000	<u>132,000</u>	.....	2010
\$	460,000	<u>135,000</u>	.....	2011

The 2010 appropriation includes \$10,000 for 2009 and ~~\$151,000~~ \$122,000 for 2010.

The 2011 appropriation includes ~~\$16,000~~ \$44,000 for 2010 and ~~\$144,000~~ \$91,000 for 2011.

Sec. 15. Laws 2009, chapter 96, article 4, section 12, subdivision 3, is amended to read:

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	7,948,000	<u>6,608,000</u>	.....	2010
\$	9,275,000	<u>8,204,000</u>	.....	2011

The 2010 appropriation includes \$851,000 for 2009 and ~~\$7,097,000~~ \$5,757,000 for 2010.

The 2011 appropriation includes ~~\$788,000~~ \$2,128,000 for 2010 and ~~\$8,487,000~~ \$6,076,000 for 2011.

Sec. 16. Laws 2009, chapter 96, article 4, section 12, subdivision 4, is amended to read:

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

	19,287,000		
\$	<u>16,008,000</u>	.....	2010
	19,287,000		
\$	<u>18,708,000</u>	.....	2011

The 2010 appropriation includes \$1,928,000 for 2009 and ~~\$17,359,000~~ \$14,080,000 for 2010.

The 2011 appropriation includes ~~\$1,928,000~~ \$5,207,000 for 2010 and ~~\$17,359,000~~ \$13,501,000 for 2011.

Sec. 17. Laws 2009, chapter 96, article 4, section 12, subdivision 6, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

	2,302,000		
\$	<u>1,918,000</u>	.....	2010
	2,073,000		
\$	<u>2,146,000</u>	.....	2011

The 2010 appropriation includes \$260,000 for 2009 and ~~\$2,042,000~~ \$1,658,000 for 2010.

The 2011 appropriation includes ~~\$226,000~~ \$613,000 for 2010 and ~~\$1,847,000~~ \$1,533,000 for 2011.

Sec. 18. Laws 2009, chapter 96, article 5, section 13, subdivision 4, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

	1,098,000		
\$	<u>1,104,000</u>	.....	2010
	1,120,000		
\$	<u>1,126,000</u>	.....	2011

Sec. 19. Laws 2009, chapter 96, article 5, section 13, subdivision 6, is amended to read:

Subd. 6. **Basic system support.** For basic system support grants under Minnesota Statutes, section 134.355:

	13,570,000		
\$	<u>11,264,000</u>	.....	2010

	13,570,000		
\$	<u>13,162,000</u>	.....	2011

The 2010 appropriation includes \$1,357,000 for 2009 and ~~\$12,213,000~~ \$9,907,000 for 2010.

The 2011 appropriation includes ~~\$1,357,000~~ \$3,663,000 for 2010 and ~~\$12,213,000~~ \$9,499,000 for 2011.

Sec. 20. Laws 2009, chapter 96, article 5, section 13, subdivision 7, is amended to read:

Subd. 7. **Multicounty, multitype library systems.** For grants under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

	1,300,000		
\$	<u>1,079,000</u>	.....	2010
	1,300,000		
\$	<u>1,261,000</u>	.....	2011

The 2010 appropriation includes \$130,000 for 2009 and ~~\$1,170,000~~ \$949,000 for 2010.

The 2011 appropriation includes ~~\$130,000~~ \$351,000 for 2010 and ~~\$1,170,000~~ \$910,000 for 2011.

Sec. 21. Laws 2009, chapter 96, article 5, section 13, subdivision 9, is amended to read:

Subd. 9. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

	2,300,000		
\$	<u>1,909,000</u>	.....	2010
	2,300,000		
\$	<u>2,231,000</u>	.....	2011

The 2010 appropriation includes \$230,000 for 2009 and ~~\$2,070,000~~ \$1,679,000 for 2010.

The 2011 appropriation includes ~~\$230,000~~ \$621,000 for 2010 and ~~\$2,070,000~~ \$1,610,000 for 2011.

Sec. 22. Laws 2009, chapter 96, article 6, section 11, subdivision 2, is amended to read:

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

	10,095,000		
\$	<u>8,379,000</u>	.....	2010
	10,095,000		
\$	<u>9,792,000</u>	.....	2011

The 2010 appropriation includes \$1,009,000 for 2009 and ~~\$9,086,000~~ \$7,370,000 for 2010.

The 2011 appropriation includes ~~\$1,009,000~~ \$2,725,000 for 2010 and ~~\$9,086,000~~ \$7,067,000 for 2011.

Sec. 23. Laws 2009, chapter 96, article 6, section 11, subdivision 3, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

	22,955,000		
\$	<u>19,005,000</u>	.....	2010
	22,547,000		
\$	<u>21,460,000</u>	.....	2011

The 2010 appropriation includes \$3,020,000 for 2009 and ~~\$19,935,000~~ \$15,985,000 for 2010.

The 2011 appropriation includes ~~\$2,214,000~~ \$5,911,000 for 2010 and ~~\$20,333,000~~ \$15,549,000 for 2011.

Sec. 24. Laws 2009, chapter 96, article 6, section 11, subdivision 4, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

	3,694,000		
\$	<u>2,922,000</u>	.....	2010
	3,800,000		
\$	<u>3,425,000</u>	.....	2011

The 2010 appropriation includes \$367,000 for 2009 and ~~\$3,327,000~~ \$2,555,000 for 2010.

The 2011 appropriation includes ~~\$369,000~~ \$945,000 for 2010 and ~~\$3,431,000~~ \$2,480,000 for 2011.

Sec. 25. Laws 2009, chapter 96, article 6, section 11, subdivision 8, is amended to read:

Subd. 8. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	585,000 <u>476,000</u>	.....	2010
\$	467,000 <u>473,000</u>	.....	2011

The 2010 appropriation includes \$73,000 for 2009 and ~~\$512,000~~ \$403,000 for 2010.

The 2011 appropriation included ~~\$56,000~~ \$148,000 for 2010 and ~~\$411,000~~ \$325,000 for 2011.

Sec. 26. Laws 2009, chapter 96, article 6, section 11, subdivision 9, is amended to read:

Subd. 9. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	710,000 <u>588,000</u>	2010
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Sec. 3. **MINNESOTA OFFICE OF HIGHER EDUCATION**

\$ (77,000) \$ (77,000)

This reduction is from the appropriation for agency administration.

If an extension of the enhanced federal medical assistance percentage (FMAP) under Public Law 111-5, section 5001, to at least June 30, 2011, is enacted by June 15, 2010, \$35,000,000 is appropriated from the general fund to the Minnesota Office of Higher Education for the state grant program, to be available for the fiscal year ending June 30, 2011.

Sec. 4. **BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES**

\$ -0- \$ (50,000,000)

\$2,079,000 of the reduction in 2011 is from the central offices and shared services unit appropriation. None of these reductions may be charged back or allocated to the campuses.

\$47,921,000 of the reduction in 2011 is from the operations and maintenance appropriation.

For fiscal years 2012 and 2013, the base for operations and maintenance is \$580,802,000 each year.

Sec. 5. **BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA**

Subdivision 1. **Total Appropriation**

\$ -0- \$ (50,000,000)

The appropriation reductions for each purpose are shown in the following subdivisions.

Subd. 2. **Operations and Maintenance**

-0- (44,606,000)

For fiscal years 2012 and 2013, the base for operations and maintenance is \$578,370,000 each year.

Subd. 3. **Special Appropriations**

<u>(a) Agriculture and Extension Service</u>	-0-	<u>(3,858,000)</u>
<u>(b) Health Sciences</u>	-0-	<u>(389,000)</u>
<u>\$26,000 of the 2011 reduction is from the St. Cloud family practice residency program.</u>		
<u>(c) Institute of Technology</u>	-0-	<u>(102,000)</u>
<u>(d) System Special</u>	-0-	<u>(454,000)</u>
<u>(e) University of Minnesota and Mayo Foundation Partnership</u>	-0-	<u>(591,000)</u>

ARTICLE 6

ENVIRONMENT AND NATURAL RESOURCES

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize changes to direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	<u>\$ (1,571,000) \$</u>	<u>(1,564,000) \$</u>	<u>(3,135,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 37, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS Available for the Year Ending June 30 2010 2011

Sec. 3. POLLUTION CONTROL AGENCY

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>(110,000) \$</u>	<u>(99,000)</u>
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The appropriation reductions for each

purpose are shown in the following subdivisions.

<u>Subd. 2. Water</u>	<u>(98,000)</u>	<u>(38,000)</u>
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The \$98,000 reduction in fiscal year 2010 is from the agency's activities to develop minimal impact design standards for urban stormwater runoff.

<u>Subd. 3. Land</u>	<u>-0-</u>	<u>(30,000)</u>
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The \$30,000 reduction in the second year is from the environmental health tracking and biomonitoring activities of the agency.

<u>Subd. 4. Environmental Assistance and Cross Media</u>	<u>-0-</u>	<u>(16,000)</u>
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<u>Subd. 5. Administrative Support</u>	<u>(12,000)</u>	<u>(15,000)</u>
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Sec. 4. **NATURAL RESOURCES**

<u>Subdivision 1. Total Appropriation</u>	<u>\$ (1,375,000)</u>	<u>\$ (1,379,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Lands and Minerals</u>	<u>(30,000)</u>	<u>(30,000)</u>
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<u>Subd. 3. Water Resources Management</u>	<u>(84,000)</u>	<u>(84,000)</u>
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<u>Subd. 4. Forest Management</u>	<u>(188,000)</u>	<u>(188,000)</u>
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\$53,000 of the reduction each year is from activities supporting the Forest Resources Council with implementation of the Sustainable Forest Resources Act.

<u>Subd. 5. Parks and Trails Management</u>	<u>(420,000)</u>	<u>(422,000)</u>
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<u>Subd. 6. Fish and Wildlife Management</u>	<u>(265,000)</u>	<u>(265,000)</u>
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\$265,000 of the reduction each year is

from activities for preserving, restoring, and enhancing grassland/wetland complexes on public or private land.

<u>Subd. 7. Ecological Services</u>	<u>(46,000)</u>	<u>(47,000)</u>
<u>Subd. 8. Enforcement</u>	<u>(230,000)</u>	<u>(230,000)</u>
<u>Subd. 9. Operations Support</u>	<u>(112,000)</u>	<u>(113,000)</u>
Sec. 5. <u>METROPOLITAN COUNCIL</u>	\$ <u>(86,000)</u>	\$ <u>(86,000)</u>

Sec. 6. Laws 2010, chapter 215, article 3, section 3, subdivision 6, is amended to read:

Subd. 6. Transfers In

(a) The amounts appropriated from the agency indirect costs account in the special revenue fund are reduced by \$328,000 in fiscal year 2010 and \$462,000 in fiscal year 2011, and those amounts must be transferred to the general fund by June 30, 2011. The appropriation reductions are onetime.

(b) The commissioner of management and budget shall transfer ~~\$8,000,000~~ \$48,000,000 in fiscal year 2011 from the closed landfill investment fund in Minnesota Statutes, section 115B.421, to the general fund. The commissioner shall transfer ~~\$4,000,000~~ \$12,000,000 on July 1, 2013, and ~~\$4,000,000~~ on July 1, in each of the years 2014, 2015, 2016, and 2017 from the general fund to the closed landfill investment fund. For ~~the July 1, 2014,~~ each transfer to the closed landfill investment fund, the commissioner shall determine the total amount of interest and other earnings that would have accrued to the fund if the transfers to the general fund under this paragraph had not been made and add this amount to the transfer. The amounts necessary for these transfers are appropriated from the general fund in the fiscal years specified for the transfers.

ARTICLE 7

ENERGY

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	\$	(247,000)	\$ (247,000)	\$ (494,000)

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 37, article 2, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 2011

Sec. 3. **DEPARTMENT OF COMMERCE**

<u>Subdivision 1. Total Appropriation</u>	\$	(247,000)	\$ (247,000)	\$ (247,000)
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Administrative Services</u>		(97,000)		(97,000)
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<u>Subd. 3. Market Assurance</u>		(150,000)		(150,000)
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ARTICLE 8

AGRICULTURE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>	<u>2011</u>	<u>Total</u>
<u>General</u>	\$	(493,000)	\$ (492,000)	\$ (985,000)

Sec. 2. **AGRICULTURAL APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 94, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 **2011**

Sec. 3. **DEPARTMENT OF AGRICULTURE**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>(493,000)</u>	<u>\$</u>	<u>(492,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Protection Services</u>		<u>(228,000)</u>		<u>(228,000)</u>
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\$13,000 in fiscal year 2010 and \$13,000 in fiscal year 2011 are reductions from plant pest surveys.

<u>Subd. 3. Agricultural Marketing and Development</u>		<u>(127,000)</u>		<u>(127,000)</u>
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\$77,000 in fiscal year 2010 and \$77,000 in fiscal year 2011 are reductions for integrated pest management activities.

<u>Subd. 4. Administration and Financial Assistance</u>		<u>(138,000)</u>		<u>(137,000)</u>
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\$69,000 in fiscal year 2010 and \$69,000 in fiscal year 2011 are reductions from the dairy and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2.

\$1,000 in fiscal year 2010 is a reduction from

the appropriation for the administration of the Feeding Minnesota Task Force.

ARTICLE 9

ECONOMIC DEVELOPMENT

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	(489,000)	\$	(745,000)	\$	(1,234,000)

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to, or if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 78, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 3. EMPLOYMENT AND ECONOMIC DEVELOPMENT

<u>Subdivision 1. Total Appropriation</u>	\$	<u>(285,000)</u>	\$	<u>(285,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Business and Community Development</u>		<u>(87,000)</u>		<u>(87,000)</u>
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\$25,000 in 2010 and \$25,000 in 2011 are from the appropriation for the Office of Science and Technology.

<u>Subd. 3. Workforce Development</u>		<u>(115,000)</u>		<u>(115,000)</u>
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\$15,000 in 2010 and \$15,000 in 2011 are

from the appropriation for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17.

\$11,000 in 2010 and \$11,000 in 2011 are from the appropriation for administrative expenses to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

\$89,000 in 2010 and \$89,000 in 2011 are from the appropriation for state services for the blind activities.

Subd. 4. <u>State-Funded Administration</u>		<u>(83,000)</u>	<u>(83,000)</u>
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Sec. 4. <u>HOUSING FINANCE AGENCY</u>	\$	<u>-0-</u>	\$ <u>(256,000)</u>
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This reduction is from the appropriation to the Housing Finance Agency for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14, for rental housing developments.

On or before June 30, 2010, the Housing Finance Agency shall transfer \$256,000 from the housing rehabilitation program in the housing development fund to the general fund.

Sec. 5. <u>DEPARTMENT OF LABOR AND INDUSTRY</u>	\$	<u>(20,000)</u>	\$ <u>(20,000)</u>
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This reduction is from the general fund appropriation for labor standards/apprenticeship.

Sec. 6. <u>BUREAU OF MEDIATION SERVICES</u>	\$	<u>(16,000)</u>	\$ <u>(16,000)</u>
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This reduction is from the general fund appropriation for mediation services.

Sec. 7. <u>MINNESOTA HISTORICAL SOCIETY</u>			
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Subdivision 1. <u>Total Appropriation</u>	\$	<u>(168,000)</u>	\$ <u>(168,000)</u>
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The appropriation reductions for each purpose are shown in the following

subdivisions.

Subd. 2. Education and Outreach	(96,000)	(96,000)
Subd. 3. Preservation and Access	(72,000)	(72,000)

ARTICLE 10

TRANSPORTATION

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
General	\$ (1,649,000)	\$ (11,649,000)	\$ (13,298,000)

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 36, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 3. TRANSPORTATION

Subdivision 1. Total Appropriation	\$	(24,000)	\$	(1,474,000)
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The appropriation reductions for each purpose are shown in the following subdivisions.

Subd. 2. Multimodal Systems

(a) Transit		(9,000)		(1,459,000)
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This reduction is to the Transit Improvement Administration appropriation.

106TH DAY]

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12083

The base appropriation from the general fund for fiscal years 2012 and 2013 is \$16,292,000 each year.

<u>(b) Freight</u>	<u>(9,000)</u>	<u>(9,000)</u>
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This reduction is to the rail service plan appropriation.

<u>(c) Electronic Communication</u>	<u>(6,000)</u>	<u>(6,000)</u>
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This reduction is to the Roosevelt Tower appropriation.

Sec. 4. METROPOLITAN COUNCIL

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>(1,625,000)</u>	<u>\$</u>	<u>(10,175,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Bus Transit</u>	<u>(1,506,000)</u>	<u>(10,056,000)</u>
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This reduction is to the appropriation for bus system operations.

The base appropriation for fiscal years 2012 and 2013 is \$59,796,000 each year.

<u>Subd. 3. Rail Operations</u>	<u>(119,000)</u>	<u>(119,000)</u>
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This reduction is to the appropriation for rail systems.

The base appropriation for fiscal years 2012 and 2013 is \$5,174,000 each year.

ARTICLE 11

PUBLIC SAFETY

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	<u>\$</u>	<u>(79,000)</u>	<u>\$</u>	<u>(79,000)</u>	<u>(158,000)</u>

Sec. 2. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 83, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2010</u>	<u>2011</u>
Sec. 3. <u>HUMAN RIGHTS</u>	\$	<u>(79,000)</u>	<u>\$ (79,000)</u>

ARTICLE 12

STATE GOVERNMENT

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		<u>2010</u>		<u>2011</u>		<u>Total</u>
<u>General</u>	\$	<u>(1,694,000)</u>	\$	<u>(15,820,000)</u>	\$	<u>(17,514,000)</u>

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from, the appropriations in Laws 2009, chapter 101, article 1, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment.

		<u>APPROPRIATIONS</u>	
		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2010</u>	<u>2011</u>
Sec. 3. <u>GOVERNOR AND LIEUTENANT GOVERNOR</u>	\$	<u>(81,000)</u>	<u>\$ (81,000)</u>

\$13,000 of the reduction in each of fiscal years 2010 and 2011 are from the appropriation for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

Sec. 4. OFFICE OF ENTERPRISE TECHNOLOGY

\$ (130,000) \$ (130,000)

\$96,000 of the reduction in each of fiscal years 2010 and 2011 are from the appropriation for information technology security.

Sec. 5. ADMINISTRATION

\$ (100,000) \$ (200,000)

These reductions are from the Government and Citizen Services Program.

\$162,000 of the balance in the central stores fund is transferred to the general fund on or before June 30, 2010. This is a onetime transfer.

The base appropriation from the general fund for the Government and Citizen Services Program for fiscal years 2012 and 2013 is \$17,116,000 each year.

Sec. 6. MANAGEMENT AND BUDGET

\$ (459,000) \$ (459,000)

Health Care Access Fund Loan

(a) By June 30, 2011, the commissioner of management and budget shall transfer up to \$40,000,000 from the balance of the health care access fund to the general fund.

(b) By June 30, 2012, the commissioner of management and budget shall transfer the amount transferred in paragraph (a) from the general fund to the health care access fund.

(c) The amounts necessary to complete these transfers are appropriated to the commissioner from each fund.

Sec. 7. REVENUE

\$ (924,000) \$ (950,000)

These reductions are from the tax system management program.

Sec. 8. **GENERAL REDUCTION.**

Subdivision 1. **Plan submitted; effective date.** By June 15, 2010, the commissioner of management and budget, in consultation with the affected agencies, shall reduce general fund appropriations for fiscal year 2010 or 2011 to the affected agencies listed in this section by a total of \$14,000,000. No single appropriation or program may be reduced by more than 1.5 percent. These reductions are onetime.

Subd. 2. **Report.** By July 1, 2010, the commissioner of management and budget shall submit to the chair and ranking minority member of the senate and house of representatives Committees on Finance and Ways and Means a report of the appropriations reduced.

Subd. 3. **Affected agencies.** The agencies whose appropriations must be reduced are the following:

- (1) Department of Education, state agency operations;
- (2) Minnesota Office of Higher Education, state agency operations;
- (3) Department of Human Services, state agency operations;
- (4) Department of Health, state agency operations;
- (5) Pollution Control Agency, all general fund programs;
- (6) Department of Natural Resources, all general fund programs;
- (7) Board of Water and Soil Resources, all general fund programs;
- (8) Department of Commerce, all general fund programs;
- (9) Department of Agriculture, all general fund programs;
- (10) Department of Employment and Economic Development, all general fund programs;
- (11) Explore Minnesota Tourism, all general fund programs;
- (12) Housing Finance Agency, all general fund programs;
- (13) Department of Labor and Industry, all general fund programs;
- (14) Bureau of Mediation Services, all general fund programs;
- (15) Minnesota Historical Society, all general fund programs;
- (16) Department of Transportation, all general fund programs, except greater Minnesota transit;
- (17) Department of Public Safety, all general fund programs;
- (18) Department of Corrections, all general fund programs;
- (19) Department of Human Rights, all general fund programs;

- (20) Office of Enterprise Technology, all general fund programs;
 (21) Department of Administration, all general fund programs;
 (22) Department of Management and Budget, state agency operations; and
 (23) Department of Revenue, state agency operations;
 (24) all other executive branch state agencies, as defined in Minnesota Statutes, section 16A.011, subdivision 12a, all general fund programs.

ARTICLE 13

HEALTH AND HUMAN SERVICES

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
General	\$ (74,704,000)	\$ (83,052,000)	\$ (157,756,000)

Sec. 2. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2, to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. Supplemental appropriations and reductions to appropriations for the fiscal year ending June 30, 2010, are effective the day following final enactment unless a different effective date is explicit. All reductions in this article are onetime, unless otherwise stated.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2010</u>	<u>2011</u>

Sec. 3. **DEPARTMENT OF HUMAN SERVICES**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>(74,177,000)</u>	<u>\$</u>	<u>(82,527,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

Subd. 2. Agency Management; Financial Operations

(3,289,000) (3,282,000)

Subd. 3. Children and Economic Assistance Grants**(a) Child Support Enforcement Grants**

(3,400,000) (1,249,000)

(b) Children's Services Grants

(600,000) -0-

American Indian Child Welfare Projects.

Notwithstanding Laws 2009, chapter 79, article 2, section 35, \$600,000 of the fiscal year 2009 funds extended in fiscal year 2010 cancel to the general fund.

(c) Children and Community Services Grants

(16,900,000) (1,500,000)

(d) General Assistance Grants

(5,267,000) (3,190,000)

(e) Minnesota Supplemental Aid Grants

(733,000) -0-

(f) Group Residential Housing Grants

(467,000) (706,000)

Subd. 4. Basic Health Care Grants**(a) Medical Assistance Basic Health Care Grants - Families and Children**

(5,599,000) (30,585,000)

(b) Medical Assistance Basic Health Care Grants - Elderly and Disabled

(2,331,000) (24,062,000)

Hospital Fee-for-Service Payment Delay.

Payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for Minnesota health care program enrollees must be delayed as follows: for fiscal year 2011, June payments must be included in the first payments in fiscal year 2012. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. This payment delay includes, and is not in addition to, the payment delay for inpatient hospital services in Laws 2009, chapter 79, article 13, section 3, subdivision 6, paragraph (c).

Nonhospital Fee-for-Service Payment

Delay. Payments from the Medicaid Management Information System that would otherwise have been made for nonhospital acute care services for Minnesota health care program enrollees must be delayed as follows: for fiscal year 2011, June payments must be included in the first payments in fiscal year 2012. This payment delay must not include nursing facilities, intermediate care facilities for persons with developmental disabilities, home and community-based services, prepaid health plans, personal care provider organizations, and home health agencies. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. This payment delay includes, and is not in addition to, the payment delay for nonhospital acute care services in Laws 2009, chapter 79, article 13, section 3, subdivision 6, paragraph (c).

(c) General Assistance Medical Care Grants	<u>(15,879,000)</u>	<u>-0-</u>
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Subd. 5. Health Care Management; Administration	<u>(180,000)</u>	<u>(360,000)</u>
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Incentive Program and Outreach Grants.

The general fund appropriation for the incentive program under Laws 2008, chapter 358, article 5, section 3, subdivision 4, paragraph (b), is canceled. This paragraph is effective retroactively from January 1, 2010.

Subd. 6. Continuing Care Grants

(a) Aging and Adult Services Grants	<u>(3,600,000)</u>	<u>(3,600,000)</u>
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Community Service/Service Development

Grants Reduction. Effective retroactively from July 1, 2009, funding for grants made under Minnesota Statutes, sections 256.9754 and 256B.0917, subdivision 13, is reduced by \$3,600,000 for each year of the biennium. Grants made during the biennium under Minnesota Statutes, section 256.9754, shall not be used for new construction or building renovation.

Aging Grants Delay. Aging grants must be reduced by \$917,000 in fiscal year 2011 and increased by \$917,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

(b) Medical Assistance Long-Term Care Facilities Grants

(3,827,000)

(2,520,000)

ICF/MR Variable Rates Suspension.

Effective retroactively from July 1, 2009, to June 30, 2010, no new variable rates shall be authorized for intermediate care facilities for persons with developmental disabilities under Minnesota Statutes, section 256B.5013, subdivision 1.

ICF/MR Occupancy Rate Adjustment

Suspension. Effective retroactively from July 1, 2009, to June 30, 2011, approval of new applications for occupancy rate adjustments for unoccupied short-term beds under Minnesota Statutes, section 256B.5013, subdivision 7, is suspended.

(c) Medical Assistance Long-Term Care Waivers and Home Care Grants

(2,318,000)

(4,477,000)

Developmental Disability Waiver Acuity

Factor. Effective retroactively from January 1, 2010, the January 1, 2010, one percent growth factor in the developmental disability waiver allocations under Minnesota Statutes, section 256B.092, subdivisions 4 and 5, that is attributable to changes in acuity, is suspended to June 30, 2011.

(d) Deaf and Hard-of-Hearing Grants

-0-

(169,000)

Deaf and Hard-of-Hearing Services Grants

Delay. Deaf and hard-of-hearing services grants must be reduced by \$169,000 in fiscal year 2011 and increased by \$169,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

<u>(e) Adult Mental Health Grants</u>	<u>(5,000,000)</u>	<u>-0-</u>
<u>(f) Chemical Dependency Entitlement Grants</u>	<u>(3,622,000)</u>	<u>(3,622,000)</u>
<u>(g) Chemical Dependency Nonentitlement Grants</u>	<u>(393,000)</u>	<u>(393,000)</u>
<u>(h) Other Continuing Care Grants</u>	<u>-0-</u>	<u>(1,414,000)</u>

Other Continuing Care Grants Delay.

Other continuing care grants must be reduced by \$1,414,000 in fiscal year 2011 and increased by \$1,414,000 in fiscal year 2012. These adjustments are onetime and must not be applied to the base. This provision expires June 30, 2012.

<u>Subd. 7. Continuing Care Management</u>	<u>(350,000)</u>	<u>-0-</u>
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County Maintenance of Effort. The general fund appropriation for the State-County Results Accountability and Service Delivery Reform under Minnesota Statutes, chapter 402A, is canceled. This paragraph is effective retroactively from July 1, 2009.

<u>Subd. 8. State-Operated Services; Adult Mental Health Services</u>	<u>(422,000)</u>	<u>(4,588,000)</u>
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Sec. 4. DEPARTMENT OF HEALTH

<u>Subdivision. 1. Total Appropriation</u>	<u>\$</u>	<u>(527,000)</u>	<u>\$</u>	<u>(525,000)</u>
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The appropriation reductions for each purpose are shown in the following subdivisions.

<u>Subd. 2. Community and Family Health Promotion</u>	<u>(53,000)</u>	<u>(355,000)</u>
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<u>Subd. 3. Policy Quality and Compliance</u>	<u>(118,000)</u>	<u>(74,000)</u>
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Office of Unlicensed Health Care Practice.

Of the general fund reduction \$74,000 in fiscal year 2011 is from the Office of Unlicensed Complementary and Alternative Health Care Practice.

<u>Subd. 4. Health Protection</u>	<u>(225,000)</u>	<u>(74,000)</u>
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<u>Subd. 5. Administrative Support Services</u>	<u>(131,000)</u>	<u>(22,000)</u>
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Sec. 5. Laws 2009, chapter 79, article 13, section 3, subdivision 8, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 8, is amended to read:

Subd. 8. Continuing Care Grants

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Aging and Adult Services Grants	13,499,000	15,805,000
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Base Adjustment. The general fund base is increased by \$5,751,000 in fiscal year 2012 and \$6,705,000 in fiscal year 2013.

Information and Assistance Reimbursement. Federal administrative reimbursement obtained from information and assistance services provided by the Senior LinkAge or Disability Linkage lines to people who are identified as eligible for medical assistance shall be appropriated to the commissioner for this activity.

Community Service Development Grant Reduction. Funding for community service development grants must be reduced by \$260,000 for fiscal year 2010; \$284,000 in fiscal year 2011; \$43,000 in fiscal year 2012; and \$43,000 in fiscal year 2013. Base level funding shall be restored in fiscal year 2014.

Community Service Development Grant Community Initiative. Funding for community service development grants shall be used to offset the cost of aging support grants. Base level funding shall be restored in fiscal year 2014.

Senior Nutrition Use of Federal Funds. For fiscal year 2010, general fund grants for home-delivered meals and congregate dining shall be reduced by \$500,000. The commissioner must replace these general fund reductions with equal amounts from federal funding for senior nutrition from the American Recovery and Reinvestment Act of 2009.

(b) Alternative Care Grants	50,234,000	48,576,000
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Base Adjustment. The general fund base is decreased by \$3,598,000 in fiscal year 2012 and \$3,470,000 in fiscal year 2013.

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

(c) Medical Assistance Grants; Long-Term Care Facilities.	367,444,000	419,749,000
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(d) Medical Assistance Long-Term Care Waivers and Home Care Grants	853,567,000	1,039,517,000
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Manage Growth in TBI and CADI Waivers. During the fiscal years beginning on July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based waiver programs under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the TBI waiver to 12.5 allocations per month each year of the biennium and the CADI waiver to 95 allocations per month each year of the biennium. Limits do not apply: (1) when there is an approved plan for nursing facility bed closures for individuals under age 65 who require relocation due to the bed closure; (2) to fiscal year 2009 waiver allocations delayed due to unallotment; or (3) to transfers authorized by the commissioner from the personal care assistance program of individuals having a home care rating of "CS," "MT," or "HL." Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

Manage Growth in DD Waiver. The commissioner shall manage the growth in the DD waiver by limiting the allocations included in the February 2009 forecast to 15

additional diversion allocations each month for the calendar years that begin on January 1, 2010, and January 1, 2011. Additional allocations must be made available for transfers authorized by the commissioner from the personal care program of individuals having a home care rating of "CS," "MT," or "HL."

Adjustment to Lead Agency Waiver Allocations. Prior to the availability of the alternative license defined in Minnesota Statutes, section 245A.11, subdivision 8, the commissioner shall reduce lead agency waiver allocations for the purposes of implementing a moratorium on corporate foster care.

Alternatives to Personal Care Assistance Services. Base level funding of \$3,237,000 in fiscal year 2012 and \$4,856,000 in fiscal year 2013 is to implement alternative services to personal care assistance services for persons with mental health and other behavioral challenges who can benefit from other services that more appropriately meet their needs and assist them in living independently in the community. These services may include, but not be limited to, a 1915(i) state plan option.

(e) Mental Health Grants

	Appropriations by Fund	
General	77,739,000	77,739,000
Health Care Access	750,000	750,000
Lottery Prize	1,508,000	1,508,000

Funding Usage. Up to 75 percent of a fiscal year's appropriation for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(f) Deaf and Hard-of-Hearing Grants	1,930,000	1,917,000
(g) Chemical Dependency Entitlement Grants	111,303,000	122,822,000

Payments for Substance Abuse Treatment.

For services provided during fiscal years 2010 and 2011, county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed rates charged for these services on January 1, 2009; and rates for fiscal years 2010 and 2011 must not exceed 160 percent of the average rate on January 1, 2009, for each group of vendors with similar attributes. For services provided in fiscal years 2012 and 2013, statewide average rates under the new rate methodology to be developed under Minnesota Statutes, section 254B.12, must not exceed the average rates charged for these services on January 1, 2009, plus a state share increase of \$3,787,000 for fiscal year 2012 and \$5,023,000 for fiscal year 2013. Notwithstanding any provision to the contrary in this article, this provision expires on June 30, 2013.

Chemical Dependency Special Revenue

Account. For fiscal year 2010, \$750,000 must be transferred from the consolidated chemical dependency treatment fund administrative account and deposited into the general fund.

County CD Share of MA Costs for

ARRA Compliance. Notwithstanding the provisions of Minnesota Statutes, chapter 254B, for chemical dependency services provided during the period October 1, 2008, to December 31, 2010, and reimbursed by medical assistance at the enhanced federal matching rate provided under the American Recovery and Reinvestment Act of 2009, the county share is 30 percent of the nonfederal share. This provision is effective the day following final enactment.

(h) Chemical Dependency Nonentitlement Grants	1,729,000	1,729,000
(i) Other Continuing Care Grants	19,201,000	17,528,000

Base Adjustment. The general fund base is increased by \$2,639,000 in fiscal year 2012 and increased by \$3,854,000 in fiscal year

2013.

Technology Grants. \$650,000 in fiscal year 2010 and \$1,000,000 in fiscal year 2011 are for technology grants, case consultation, evaluation, and consumer information grants related to developing and supporting alternatives to shift-staff foster care residential service models.

Other Continuing Care Grants; HIV Grants. Money appropriated for the HIV drug and insurance grant program in fiscal year 2010 may be used in either year of the biennium.

Quality Assurance Commission. Effective July 1, 2009, state funding for the quality assurance commission under Minnesota Statutes, section 256B.0951, is canceled.

Sec. 6. Laws 2009, chapter 79, article 13, section 4, subdivision 4, as amended by Laws 2009, chapter 173, article 2, section 2, subdivision 4, is amended to read:

Subd. 4. **Health Protection**

	Appropriations by Fund	
General	9,871,000	9,780,000
State Government		
Special Revenue	30,209,000	30,209,000

Base Adjustment. The general fund base is reduced by \$50,000 in each of fiscal years 2012 and 2013.

Health Protection Appropriations. (a) \$163,000 each year is for the lead abatement grant program.

(b) \$100,000 each year is for emergency preparedness and response activities.

(c) \$50,000 each year is for tuberculosis prevention and control. This is a onetime appropriation.

~~(d) \$55,000 in fiscal year 2010 is for pentachlorophenol.~~

~~(e) \$20,000 in fiscal year 2010 is for a PFC~~

~~Citizens Advisory Group-~~

American Recovery and Reinvestment Act Funds. Federal funds received by the commissioner for immunization operations from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, are appropriated to the commissioner for the purposes of the grant.

Sec. 7. Minnesota Statutes 2009 Supplement, section 256B.056, subdivision 3c, is amended to read:

Subd. 3c. **Asset limitations for families and children.** A household of two or more persons must not own more than \$20,000 in total net assets except that this asset limit shall be \$6,000 for the period January 1, 2011, through June 30, 2011, plus \$200 for each additional legal dependent, and a household of one person must not own more than \$10,000 in total net assets, except that this asset limit shall be \$3,000 for the period January 1, 2011, through June 30, 2011. In addition to these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance for families and children is the value of those assets excluded under the AFDC state plan as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, with the following exceptions:

- (1) household goods and personal effects are not considered;
- (2) capital and operating assets of a trade or business up to \$200,000 are not considered, except that a bank account that contains personal income or assets, or is used to pay personal expenses, is not considered a capital or operating asset of a trade or business;
- (3) one motor vehicle is excluded for each person of legal driving age who is employed or seeking employment;
- (4) assets designated as burial expenses are excluded to the same extent they are excluded by the Supplemental Security Income program;
- (5) court-ordered settlements up to \$10,000 are not considered;
- (6) individual retirement accounts and funds are not considered; and
- (7) assets owned by children are not considered.

The assets specified in clause (2) must be disclosed to the local agency at the time of application and at the time of an eligibility redetermination, and must be verified upon request of the local agency.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 8. Minnesota Statutes 2009 Supplement, section 256B.0659, subdivision 11, is amended to read:

Subd. 11. **Personal care assistant; requirements.** (a) A personal care assistant must meet the

following requirements:

(1) be at least 18 years of age with the exception of persons who are 16 or 17 years of age with these additional requirements:

(i) supervision by a qualified professional every 60 days; and

(ii) employment by only one personal care assistance provider agency responsible for compliance with current labor laws;

(2) be employed by a personal care assistance provider agency;

(3) enroll with the department as a personal care assistant after clearing a background study. Before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study on the personal care assistant under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) is disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22;

(4) be able to effectively communicate with the recipient and personal care assistance provider agency;

(5) be able to provide covered personal care assistance services according to the recipient's personal care assistance care plan, respond appropriately to recipient needs, and report changes in the recipient's condition to the supervising qualified professional or physician;

(6) not be a consumer of personal care assistance services;

(7) maintain daily written records including, but not limited to, time sheets under subdivision 12;

(8) effective January 1, 2010, complete standardized training as determined by the commissioner before completing enrollment. Personal care assistant training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of personal care assistants including information about assistance with lifting and transfers for recipients, emergency preparedness, orientation to positive behavioral practices, fraud issues, and completion of time sheets. Upon completion of the training components, the personal care assistant must demonstrate the competency to provide assistance to recipients;

(9) complete training and orientation on the needs of the recipient within the first seven days after the services begin; and

(10) be limited to providing and being paid for up to 310 hours per month, except that this limit shall be 275 hours per month for the period July 1, 2010, through June 30, 2011, of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with.

(b) A legal guardian may be a personal care assistant if the guardian is not being paid for the guardian services and meets the criteria for personal care assistants in paragraph (a).

(c) Effective January 1, 2010, persons who do not qualify as a personal care assistant include parents and stepparents of minors, spouses, paid legal guardians, family foster care providers, except as otherwise allowed in section 256B.0625, subdivision 19a, or staff of a residential setting.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 9. Minnesota Statutes 2009 Supplement, section 256B.441, subdivision 55, is amended to read:

Subd. 55. **Phase-in of rebased operating payment rates.** (a) For the rate years beginning October 1, 2008, to October 1, 2015, the operating payment rate calculated under this section shall be phased in by blending the operating rate with the operating payment rate determined under section 256B.434. For purposes of this subdivision, the rate to be used that is determined under section 256B.434 shall not include the portion of the operating payment rate related to performance-based incentive payments under section 256B.434, subdivision 4, paragraph (d). For the rate year beginning October 1, 2008, the operating payment rate for each facility shall be 13 percent of the operating payment rate from this section, and 87 percent of the operating payment rate from section 256B.434. ~~For the rate year beginning October 1, 2009, the operating payment rate for each facility shall be 14 percent of the operating payment rate from this section, and 86 percent of the operating payment rate from section 256B.434.~~ For rate years beginning October 1, 2009; October 1, 2010; October 1, 2011; and October 1, 2012, no rate adjustments shall be implemented under this section, but shall be determined under section 256B.434. For the rate year beginning October 1, 2013, the operating payment rate for each facility shall be 65 percent of the operating payment rate from this section, and 35 percent of the operating payment rate from section 256B.434. For the rate year beginning October 1, 2014, the operating payment rate for each facility shall be 82 percent of the operating payment rate from this section, and 18 percent of the operating payment rate from section 256B.434. For the rate year beginning October 1, 2015, the operating payment rate for each facility shall be the operating payment rate determined under this section. The blending of operating payment rates under this section shall be performed separately for each RUG's class.

(b) For the rate year beginning October 1, 2008, the commissioner shall apply limits to the operating payment rate increases under paragraph (a) by creating a minimum percentage increase and a maximum percentage increase.

(1) Each nursing facility that receives a blended October 1, 2008, operating payment rate increase under paragraph (a) of less than one percent, when compared to its operating payment rate on September 30, 2008, computed using rates with RUG's weight of 1.00, shall receive a rate adjustment of one percent.

(2) The commissioner shall determine a maximum percentage increase that will result in savings equal to the cost of allowing the minimum increase in clause (1). Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the maximum percentage increase.

(3) Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than one percent and less than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the blended October 1, 2008, operating payment rate increase determined under paragraph (a).

(4) The October 1, 2009, through October 1, 2015, operating payment rate for facilities receiving the maximum percentage increase determined in clause (2) shall be the amount determined under paragraph (a) less the difference between the amount determined under paragraph (a) for October 1, 2008, and the amount allowed under clause (2). This rate restriction does not apply to rate increases provided in any other section.

(c) A portion of the funds received under this subdivision that are in excess of operating payment rates that a facility would have received under section 256B.434, as determined in accordance with clauses (1) to (3), shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).

(1) Determine the amount of additional funding available to a facility, which shall be equal to total medical assistance resident days from the most recent reporting year times the difference between the blended rate determined in paragraph (a) for the rate year being computed and the blended rate for the prior year.

(2) Determine the portion of all operating costs, for the most recent reporting year, that are compensation related. If this value exceeds 75 percent, use 75 percent.

(3) Subtract the amount determined in clause (2) from 75 percent.

(4) The portion of the fund received under this subdivision that shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal the amount determined in clause (1) times the amount determined in clause (3).

EFFECTIVE DATE. This section is effective retroactively from October 1, 2009.

Sec. 10. Minnesota Statutes 2009 Supplement, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing plan's

payment rate under section 256B.692 for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) Effective for services rendered on or after January 1, 2009, through December 31, 2009, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance and general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

The return of the withhold under this paragraph is not subject to the requirements of paragraph (c).

(e) Effective for services provided on or after January 1, 2010, the commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.

(f) Effective for services rendered on or after January 1, 2010, through December 31, 2010, the commissioner shall withhold ~~3.5~~ 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(g) Effective for services rendered on or after January 1, 2011, through December 31, 2011, the commissioner shall withhold ~~four~~ 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23. If an extension of the enhanced federal medical assistance percentage (FMAP) under Public Law 111-5, section 5001, is enacted before June 15, 2010, the withhold percentage stated in this paragraph shall be 4.0 percent.

(h) Effective for services rendered on or after January 1, 2012, through December 31, 2012,

the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(i) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(j) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance and prepaid general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(k) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

(l) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

EFFECTIVE DATE. The additional withhold percentage in paragraph (f) is effective retroactively from January 1, 2010.

Sec. 11. Minnesota Statutes 2009 Supplement, section 256B.76, subdivision 1, is amended to read:

Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) Effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services. The increases in this paragraph shall be implemented January 1, 2000, for managed care.

(c) Effective for services rendered on or after July 1, 2009, payment rates for physician and professional services shall be reduced by five percent, except that for the period July 1, 2009, through June 30, 2010, payments rates shall be reduced by 6.5 percent for the medical assistance and general assistance medical care programs, over the rates in effect on June 30, 2009. The additional 1.5 percent reduction in effect for the period from July 1, 2010, through June 30, 2010, does not apply to physician services billed by a psychiatrist or an advanced practice registered nurse with a specialty in mental health. This reduction does not apply to office or other outpatient visits, preventive medicine visits and family planning visits billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or in one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction does not apply to federally qualified health centers, rural health centers, and Indian health services. Effective October 1, 2009, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

EFFECTIVE DATE. The additional rate reductions in this section are effective retroactively from July 1, 2009.

Sec. 12. Minnesota Statutes 2008, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, the commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007, the commissioner shall increase reimbursement by 30 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider. The commissioner shall pay the health plan companies in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area.

In the absence of a critical access dental provider in a service area, the commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

(b) Notwithstanding paragraph (a), critical access payments must not be made for dental services provided from April 1, 2010, through June 30, 2010.

EFFECTIVE DATE. This section is effective retroactively from April 1, 2010.

Sec. 13. Minnesota Statutes 2009 Supplement, section 256B.766, is amended to read:

256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, except that for the period July 1, 2009, through June 30, 2011, total payments shall be reduced by 4.5 percent for the medical assistance and general assistance medical care programs, prior to third-party liability and spenddown calculation. Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.

(b) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

EFFECTIVE DATE. The additional rate reductions in this section are effective retroactively from July 1, 2009.

Sec. 14. **REDUCTION OF GROUP RESIDENTIAL HOUSING SUPPLEMENTAL SERVICE RATE.**

Effective retroactively from November 1, 2009, through June 30, 2011, the commissioner of human services shall decrease the group residential housing (GRH) supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, by five percent for services rendered on or after that date, except that reimbursement rates for a GRH facility reimbursed as a nursing facility shall not be reduced. The reduction in this paragraph is in addition to the reduction under Laws 2009, chapter 79, article 8, section 79, paragraph (b), clause (11).

EFFECTIVE DATE. This section is effective retroactively from November 1, 2009.

Sec. 15. **ARTICLE EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 14

AIDS, CREDITS, REFUNDS

Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 6, as added by Laws 2010, chapter 215, article 13, section 2, is amended to read:

Subd. 6. **Credit reduction.** In 2011 and each year thereafter, the market value credit reimbursement amount for each taxing jurisdiction determined under this section is reduced by the dollar amount of the reduction in market value credit reimbursements for that taxing jurisdiction in 2010 due to ~~unallotment the reductions announced prior to February 28, 2010, under section 46A.152~~ under section 477A.0132. No taxing jurisdiction's market value credit reimbursements

are reduced to less than zero under this subdivision. The commissioner of revenue shall pay the annual market value credit reimbursement amounts, after reduction under this subdivision, to the affected taxing jurisdictions as provided in this section.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and thereafter.

Sec. 2. [477A.0132] 2009 AND 2010 AID REDUCTIONS.

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

(b) The "2009 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2009, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2009 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2009, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(d) The "2009 revenue base" for a town is the sum of the town's certified property tax levy for taxes payable in 2009, plus the amount of aid under section 477A.013 that the town was certified to receive in 2009, plus the amount of taconite aids under sections 298.28 and 298.282 that the town was certified to receive in 2009, including any amounts required to be placed in a special fund for distribution in a later year.

(e) "Population" means the population of the county, city, or town for 2007 based on information available to the commissioner of revenue in July 2009.

(f) "Adjusted net tax capacity" means the amount of net tax capacity for the county, city, or town, computed using equalized market values according to section 477A.011, subdivision 20, for aid payable in 2009.

(g) "Adjusted net tax capacity per capita" means the jurisdiction's adjusted net tax capacity divided by its population.

Subd. 2. 2009 aid reductions. (a) The commissioner of revenue must compute a 2009 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 1.188968672 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this

section.

The reduction amount is applied first to reduce the amount payable to the county in 2009 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2009 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2009 aid reduction amount for each city.

The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities. The aid reduction amount is also zero for a city located outside the seven-county metropolitan area, with a 2006 population greater than 3,500, a pre-1940 housing percentage greater than 29 percent, a commercial-industrial percentage less than nine percent, and a population decline percentage of zero based on the data used to certify the 2009 local government aid distribution under section 477A.013.

For all other cities, the aid reduction amount is equal to 3.3127634 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2009 before the reductions in this section.

The reduction amount for a city is further limited to \$22 per capita.

The reduction amount is applied first to reduce the amount payable to the city in 2009 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2009 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2009 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 1.735103 percent of the town's 2009 revenue base.

The reduction amount is limited to \$5 per capita.

The reduction amount is applied to reduce the amount payable to the town in 2009 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

Subd. 3. **2010 aid reductions.** (a) The commissioner of revenue must compute a 2010 aid reduction amount for each county.

The aid reduction amount is zero for a county with a population of less than 5,000, and is zero for a county containing the Shooting Star Casino property that was removed from the tax rolls in 2009.

For all other counties, the aid reduction amount is equal to 2.41396687 percent of the county's 2009 revenue base.

The reduction amount is limited to the sum of the amount of county program aid under section 477A.0124 that the county was certified to receive in 2009, plus the amount of market value credit reimbursements under section 273.1384 payable to the county in 2009 before the reductions in this section.

The reduction amount is applied first to reduce the amount payable to the county in 2010 as county program aid under section 477A.013 and then, if necessary, to reduce the amount payable to the county in 2010 as market value credit reimbursements under section 273.1384.

No county's aid or reimbursements are reduced to less than zero under this section.

(b) The commissioner of revenue must compute a 2010 aid reduction amount for each city.

The aid reduction amount is zero for any city with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all cities.

For all other cities, the aid reduction amount is equal to 7.643803025 percent of the city's 2009 revenue base.

The reduction amount is limited to the sum of the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of market value credit reimbursements under section 273.1384 payable to the city in 2010 before the reductions in this section.

The reduction amount for a city is further limited to \$55 per capita.

The reduction amount is applied first to reduce the amount payable to the city in 2010 as local government aid under section 477A.013 and then, if necessary, to reduce the amount payable to the city in 2010 as market value credit reimbursements under section 273.1384.

No city's aid or reimbursements are reduced to less than zero under this section.

(c) The commissioner of revenue must compute a 2010 aid reduction amount for each town.

The aid reduction amount is zero for any town with a population of less than 1,000 that has an adjusted net tax capacity per capita amount less than the statewide average adjusted net tax capacity amount per capita for all towns.

For all other towns, the aid reduction amount is equal to 3.660798 percent of the town's 2009 revenue base.

The reduction amount is limited to \$10 per capita.

The reduction amount is applied to reduce the amount payable to the town in 2010 as market value credit reimbursements under section 273.1384.

No town's reimbursements are reduced to less than zero under this section.

EFFECTIVE DATE. This section is effective the day following final enactment and is retroactive for aids and credit reimbursements payable in 2009.

Sec. 3. Laws 2010, chapter 215, article 13, section 6, is amended to read:

Sec. 6. 477A.0133 ADDITIONAL 2010 AID AND CREDIT REDUCTIONS.

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

(b) The "2010 revenue base" for a county is the sum of the county's certified property tax levy for taxes payable in 2010, plus the amount of county program aid under section 477A.0124 that the county was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the county was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

(c) The "2010 revenue base" for a statutory or home rule charter city is the sum of the city's certified property tax levy for taxes payable in 2010, plus the amount of local government aid under section 477A.013, subdivision 9, that the city was certified to receive in 2010, plus the amount of taconite aids under sections 298.28 and 298.282 that the city was certified to receive in 2010 including any amounts required to be placed in a special fund for distribution in a later year.

Subd. 2. **2010 reductions; counties and cities.** The commissioner of revenue must compute additional 2010 aid and credit reimbursement reduction amounts for each county and city under this section, after implementing any reduction of county program aid under section 477A.0124, local government aid under section 477A.013, or market value credit reimbursements under section 273.1384, to reflect the ~~reduction of allotments under section 16A.152~~ reductions under section 477A.0132.

The additional reduction amounts under this section are limited to the sum of the amount of county program aid under section 477A.0124, local government aid under section 477A.013, and market value credit reimbursements under section 273.1384 payable to the county or city in 2010 before the reductions in this section, but after the reductions ~~for unallotments~~ under section 477A.0132.

The reduction amount under this section is applied first to reduce the amount payable to the county or city in 2010 as market value credit reimbursements under section 273.1384, and then if necessary, to reduce the amount payable as either county program aid under section 477A.0124 in the case of a county, or local government aid under section 477A.013 in the case of a city.

No aid or reimbursement amount is reduced to less than zero under this section.

The additional 2010 aid reduction amount for a county is equal to 1.82767 percent of the county's 2010 revenue base. The additional 2010 aid reduction amount for a city is equal to the lesser of (1) 3.4287 percent of the city's 2010 revenue base or (2) \$28 multiplied by the city's 2008 population.

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

Sec. 4. **REFUNDS AND CREDITS.**

Subdivision 1. **Political contribution credit.** Notwithstanding the provisions of Minnesota Statutes, section 290.06, subdivision 23, or any other law to the contrary, the political contribution refund does not apply to contributions made after June 30, 2009, and before July 1, 2011.

Subd. 2. **Property tax refund.** For property tax refunds based on rent paid during calendar year 2009 only, but also applying to refunds based on property taxes payable in 2010 that include gross rent paid in 2009, the following rules apply:

(1) "rent constituting property taxes" must be calculated by substituting "15 percent" for "19 percent" under Minnesota Statutes, section 290A.03, subdivision 11; and

(2) "property taxes payable" must be calculated under Minnesota Statutes, section 290A.03, subdivision 13, by substituting "15 percent" for "19 percent" in determining the portion of gross rent paid that is included in property taxes payable.

Subd. 3. **Sustainable forest incentive program.** The maximum sustainable forest incentive program payments under Minnesota Statutes, section 290C.07, per each Social Security number or state or federal business tax identification number must not exceed \$100,000. The provisions of this subdivision apply only to payments made during fiscal year 2011.

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

Sec. 5. **LEVY VALIDATION.**

Any special levy under Minnesota Statutes, section 275.70, subdivision 5, clause (22), approved by the commissioner of revenue for taxes payable in 2010, is validated notwithstanding a later judicial decision that may affect the validity of unallotments that were announced in 2009. A local government may not levy under Minnesota Statutes, section 275.70, subdivision 5, clause (22), for taxes payable in 2011 for any retroactive reduction in aid and credit reimbursements for aids and credits payable in 2008 or 2009.

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

ARTICLE 15

SPECIAL REVENUE FUND

Section 1. Minnesota Statutes 2008, section 3.9741, subdivision 2, is amended to read:

Subd. 2. **Postsecondary Education Board.** The legislative auditor may enter into an interagency agreement with the Board of Trustees of the Minnesota State Colleges and Universities to conduct financial audits, in addition to audits conducted under section 3.972, subdivision 2. All payments received for audits requested by the board shall be ~~added to the appropriation for~~ deposited in the special revenue fund and appropriated to the legislative auditor to pay audit expenses.

Sec. 2. Minnesota Statutes 2008, section 8.15, subdivision 3, is amended to read:

Subd. 3. **Agreements.** (a) To facilitate the delivery of legal services, the attorney general may:

(1) enter into agreements with executive branch agencies, political subdivisions, or quasi-state agencies to provide legal services for the benefit of the citizens of Minnesota; and

(2) in addition to funds otherwise appropriated by the legislature, accept and spend funds

received under any agreement authorized in clause (1) for the purpose set forth in clause (1), subject to a report of receipts to the chairs of the senate Finance Committee and the house of representatives Ways and Means Committee by October 15 each year.

(b) When entering into an agreement for legal services, the attorney general must notify the committees responsible for funding the Office of the Attorney General. When the attorney general enters into an agreement with a state agency, the attorney general must also notify the committees responsible for funding that agency.

Funds received under this subdivision must be deposited in ~~the general~~ an account in the special revenue fund and are appropriated to the attorney general for the purposes set forth in this subdivision.

Sec. 3. Minnesota Statutes 2008, section 13.03, subdivision 10, is amended to read:

Subd. 10. **Costs for providing copies of data.** Money may be collected by a responsible authority in a state agency for the actual cost to the agency of providing copies or electronic transmittal of government data is appropriated to the agency and added to the appropriations from which the costs were paid. When money collected for purposes of this section is of a magnitude sufficient to warrant a separate account in the state treasury, that money must be deposited in a fund other than the general fund and is appropriated to the agency.

Sec. 4. Minnesota Statutes 2008, section 16C.23, subdivision 6, is amended to read:

Subd. 6. **State surplus property.** The commissioner may do any of the following to dispose of state surplus property:

- (1) transfer it to or between state agencies;
- (2) transfer it to a governmental unit or nonprofit organization in Minnesota; or
- (3) sell it and charge a fee to cover expenses incurred by the commissioner in the disposal of the surplus property.

The proceeds of the sale less the fee must be deposited in an account in a fund other than the general fund and are appropriated to the agency for whose account the sale was made, to be used and expended by that agency to purchase similar state property.

Sec. 5. Minnesota Statutes 2008, section 103B.101, subdivision 9, is amended to read:

Subd. 9. **Powers and duties.** In addition to the powers and duties prescribed elsewhere, the board shall:

- (1) coordinate the water and soil resources planning activities of counties, soil and water conservation districts, watershed districts, watershed management organizations, and any other local units of government through its various authorities for approval of local plans, administration of state grants, and by other means as may be appropriate;
- (2) facilitate communication and coordination among state agencies in cooperation with the Environmental Quality Board, and between state and local units of government, in order to make the expertise and resources of state agencies involved in water and soil resources management available to the local units of government to the greatest extent possible;

(3) coordinate state and local interests with respect to the study in southwestern Minnesota under United States Code, title 16, section 1009;

(4) develop information and education programs designed to increase awareness of local water and soil resources problems and awareness of opportunities for local government involvement in preventing or solving them;

(5) provide a forum for the discussion of local issues and opportunities relating to water and soil resources management;

(6) adopt an annual budget and work program that integrate the various functions and responsibilities assigned to it by law; and

(7) report to the governor and the legislature by October 15 of each even-numbered year with an assessment of board programs and recommendations for any program changes and board membership changes necessary to improve state and local efforts in water and soil resources management.

The board may accept grants, gifts, donations, or contributions in money, services, materials, or otherwise from the United States, a state agency, or other source to achieve an authorized purpose. The board may enter into a contract or agreement necessary or appropriate to accomplish the transfer. The board may receive and expend money to acquire conservation easements, as defined in chapter 84C, on behalf of the state and federal government consistent with the Camp Ripley's Army Compatible Use Buffer Project.

Any money received is hereby deposited in an account in a fund other than the general fund and appropriated and dedicated for the purpose for which it is granted.

Sec. 6. Minnesota Statutes 2008, section 103I.681, subdivision 11, is amended to read:

Subd. 11. **Permit fee schedule.** (a) The commissioner of natural resources shall adopt a permit fee schedule under chapter 14. The schedule may provide minimum fees for various classes of permits, and additional fees, which may be imposed subsequent to the application, based on the cost of receiving, processing, analyzing, and issuing the permit, and the actual inspecting and monitoring of the activities authorized by the permit, including costs of consulting services.

(b) A fee may not be imposed on a state or federal governmental agency applying for a permit.

(c) The fee schedule may provide for the refund of a fee, in whole or in part, under circumstances prescribed by the commissioner of natural resources. Fees received must be deposited in the state treasury and credited to ~~the general~~ an account in the natural resources fund. Permit fees received are appropriated annually from the ~~general~~ natural resources fund to the commissioner of natural resources for the costs of inspecting and monitoring the activities authorized by the permit, including costs of consulting services.

Sec. 7. Minnesota Statutes 2008, section 116J.551, subdivision 1, is amended to read:

Subdivision 1. **Grant account.** A contaminated site cleanup and development grant account is created in the ~~general~~ special revenue fund. Money in the account may be used, as appropriated by law, to make grants as provided in section 116J.554 and to pay for the commissioner's costs in reviewing applications and making grants. Notwithstanding section 16A.28, money appropriated to

the account for this program from any source is available until spent.

Sec. 8. Minnesota Statutes 2008, section 190.32, is amended to read:

190.32 FEDERAL REIMBURSEMENT RECEIPTS.

The Department of Military Affairs may deposit federal reimbursement receipts into ~~the general fund~~ an account in the special revenue fund, maintenance of military training facilities. These receipts are for services, supplies, and materials initially purchased by the Camp Ripley maintenance account.

Sec. 9. Minnesota Statutes 2008, section 257.69, subdivision 2, is amended to read:

Subd. 2. **Guardian; legal fees.** (a) The court may order expert witness and guardian ad litem fees and other costs of the trial and pretrial proceedings, including appropriate tests, to be paid by the parties in proportions and at times determined by the court. The court shall require a party to pay part of the fees of court-appointed counsel according to the party's ability to pay, but if counsel has been appointed the appropriate agency shall pay the party's proportion of all other fees and costs. The agency responsible for child support enforcement shall pay the fees and costs for blood or genetic tests in a proceeding in which it is a party, is the real party in interest, or is acting on behalf of the child. However, at the close of a proceeding in which paternity has been established under sections 257.51 to 257.74, the court shall order the adjudicated father to reimburse the public agency, if the court finds he has sufficient resources to pay the costs of the blood or genetic tests. When a party bringing an action is represented by the county attorney, no filing fee shall be paid to the court administrator.

(b) In each fiscal year, the commissioner of management and budget shall deposit guardian ad litem reimbursements in the ~~general~~ special revenue fund and credit them to a separate account with the trial courts. The balance of this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures by the state court administrator's office from this account must be based on the amount of the guardian ad litem reimbursements received by the state from the courts in each judicial district.

Sec. 10. Minnesota Statutes 2008, section 260C.331, subdivision 6, is amended to read:

Subd. 6. **Guardian ad litem fees.** (a) In proceedings in which the court appoints a guardian ad litem pursuant to section 260C.163, subdivision 5, clause (a), the court may inquire into the ability of the parents to pay for the guardian ad litem's services and, after giving the parents a reasonable opportunity to be heard, may order the parents to pay guardian fees.

(b) In each fiscal year, the commissioner of management and budget shall deposit guardian ad litem reimbursements in the ~~general~~ special revenue fund and credit them to a separate account with the trial courts. The balance of this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures by the state court administrator's office from this account must be based on the amount of the guardian ad litem reimbursements received by the state from the courts in each judicial district.

Sec. 11. Minnesota Statutes 2009 Supplement, section 270.97, is amended to read:

270.97 DEPOSIT OF REVENUES.

The commissioner shall deposit all revenues derived from the tax, interest, and penalties received from the county in the contaminated site cleanup and development account in the ~~general~~ special revenue fund and is annually appropriated to the commissioner of the Department of Employment and Economic Development, for the purposes of section 116J.551.

Sec. 12. Minnesota Statutes 2008, section 299C.48, is amended to read:

299C.48 CONNECTION BY AUTHORIZED AGENCY; FEE, APPROPRIATION.

(a) An agency authorized under section 299C.46, subdivision 3, may connect with and participate in the criminal justice data communications network upon approval of the commissioner of public safety; provided, that the agency shall first agree to pay installation charges as may be necessary for connection and monthly operational charges as may be established by the commissioner of public safety. Before participation by a criminal justice agency may be approved, the agency must have executed an agreement with the commissioner providing for security of network facilities and restrictions on access to data supplied to and received through the network.

(b) In addition to any fee otherwise authorized, the commissioner of public safety shall impose a fee for providing secure dial-up or Internet access for criminal justice agencies and noncriminal justice agencies. The following monthly fees apply:

- (1) criminal justice agency accessing via Internet, \$15;
- (2) criminal justice agency accessing via dial-up, \$35;
- (3) noncriminal justice agency accessing via Internet, \$35; and
- (4) noncriminal justice agency accessing via dial-up, \$35.

(c) The installation and monthly operational charges collected by the commissioner of public safety under paragraphs (a) and (b) must be deposited in an account in the special revenue fund and are annually appropriated to the commissioner to administer sections 299C.46 to 299C.50.

Sec. 13. Minnesota Statutes 2008, section 299E.02, is amended to read:

299E.02 CONTRACT SERVICES; APPROPRIATION.

Fees charged for contracted security services provided by the Capitol Complex Security Division of the Department of Public Safety must be deposited in an account in the special revenue fund and are annually appropriated to the commissioner of public safety to administer and provide these services.

Sec. 14. Minnesota Statutes 2008, section 446A.086, subdivision 2, as amended by Laws 2010, chapter 290, section 14, is amended to read:

Subd. 2. **Application.** (a) This section provides a state guarantee of the payment of principal and interest on debt obligations if:

- (1) the obligations are issued for new projects and are not issued for the purposes of refunding previous obligations;
- (2) application to the Public Facilities Authority is made before issuance; and

(3) the obligations are covered by an agreement meeting the requirements of subdivision 3.

(b) Applications to be covered by the provisions of this section must be made in a form and contain the information prescribed by the authority. Applications are subject to either a fee of \$500 for each bond issue requested by a county or governmental unit or the applicable fees under section 446A.087.

(c) Application fees paid under this section must be deposited in a separate credit enhancement bond guarantee account in the ~~general~~ special revenue fund. Money in the credit enhancement bond guarantee account is appropriated to the authority for purposes of administering this section.

(d) Neither the authority nor the commissioner is required to promulgate administrative rules under this section and the procedures and requirements established by the authority or commissioner under this section are not subject to chapter 14.

Sec. 15. Minnesota Statutes 2008, section 469.177, subdivision 11, is amended to read:

Subd. 11. **Deduction for enforcement costs; appropriation.** (a) The county treasurer shall deduct an amount equal to 0.25 percent of any increment distributed to an authority or municipality. The county treasurer shall pay the amount deducted to the commissioner of management and budget for deposit in ~~the state general~~ an account in the special revenue fund.

(b) The amounts deducted and paid under paragraph (a) are appropriated to the state auditor for the cost of (1) the financial reporting of tax increment financing information and (2) the cost of examining and auditing of authorities' use of tax increment financing as provided under section 469.1771, subdivision 1. Notwithstanding section 16A.28 or any other law to the contrary, this appropriation does not cancel and remains available until spent.

(c) For taxes payable in 2002 and thereafter, the commissioner of revenue shall increase the percent in paragraph (a) to a percent equal to the product of the percent in paragraph (a) and the amount that the statewide tax increment levy for taxes payable in 2002 would have been without the class rate changes in this act and the elimination of the general education levy in this act divided by the statewide tax increment levy for taxes payable in 2002.

Sec. 16. Minnesota Statutes 2008, section 518.165, subdivision 3, is amended to read:

Subd. 3. **Fees.** (a) A guardian ad litem appointed under either subdivision 1 or 2 may be appointed either as a volunteer or on a fee basis. If a guardian ad litem is appointed on a fee basis, the court shall enter an order for costs, fees, and disbursements in favor of the child's guardian ad litem. The order may be made against either or both parties, except that any part of the costs, fees, or disbursements which the court finds the parties are incapable of paying shall be borne by the state courts. The costs of court-appointed counsel to the guardian ad litem shall be paid by the county in which the proceeding is being held if a party is incapable of paying for them. Until the recommendations of the task force created in Laws 1999, chapter 216, article 7, section 42, are implemented, the costs of court-appointed counsel to a guardian ad litem in the Eighth Judicial District shall be paid by the state courts if a party is incapable of paying for them. In no event may the court order that costs, fees, or disbursements be paid by a party receiving public assistance or legal assistance or by a party whose annual income falls below the poverty line as established under United States Code, title 42, section 9902(2).

(b) In each fiscal year, the commissioner of management and budget shall deposit guardian ad

litem reimbursements in the ~~general~~ special revenue fund and credit them to a separate account with the trial courts. The balance of this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures by the state court administrator's office from this account must be based on the amount of the guardian ad litem reimbursements received by the state from the courts in each judicial district.

Sec. 17. Minnesota Statutes 2008, section 609.3241, is amended to read:

609.3241 PENALTY ASSESSMENT AUTHORIZED.

When a court sentences an adult convicted of violating section 609.322 or 609.324, while acting other than as a prostitute, the court shall impose an assessment of not less than \$250 and not more than \$500 for a violation of section 609.324, subdivision 2, or a misdemeanor violation of section 609.324, subdivision 3; otherwise the court shall impose an assessment of not less than \$500 and not more than \$1,000. The mandatory minimum portion of the assessment is to be used for the purposes described in section 626.558, subdivision 2a, and is in addition to the surcharge required by section 357.021, subdivision 6. Any portion of the assessment imposed in excess of the mandatory minimum amount shall be ~~forwarded to the general~~ deposited in an account in the special revenue fund and is appropriated annually to the commissioner of public safety. The commissioner, with the assistance of the General Crime Victims Advisory Council, shall use money received under this section for grants to agencies that provide assistance to individuals who have stopped or wish to stop engaging in prostitution. Grant money may be used to provide these individuals with medical care, child care, temporary housing, and educational expenses.

Sec. 18. Minnesota Statutes 2008, section 611.20, subdivision 3, is amended to read:

Subd. 3. **Reimbursement.** In each fiscal year, the commissioner of management and budget shall deposit the payments in the ~~general~~ special revenue fund and credit them to a separate account with the Board of Public Defense. The amount credited to this account is appropriated to the Board of Public Defense.

The balance of this account does not cancel but is available until expended. Expenditures by the board from this account for each judicial district public defense office must be based on the amount of the payments received by the state from the courts in each judicial district. A district public defender's office that receives money under this subdivision shall use the money to supplement office overhead payments to part-time attorneys providing public defense services in the district. By January 15 of each year, the Board of Public Defense shall report to the chairs and ranking minority members of the senate and house of representatives divisions having jurisdiction over criminal justice funding on the amount appropriated under this subdivision, the number of cases handled by each district public defender's office, the number of cases in which reimbursements were ordered, the average amount of reimbursement ordered, and the average amount of money received by part-time attorneys under this subdivision.

Sec. 19. Laws 1994, chapter 531, section 1, is amended to read:

Section 1. SALE OF WILDLIFE LANDS.

Notwithstanding Minnesota Statutes, sections 84.027, subdivision 10; 92.45; 94.09 to 94.165; 97A.135; 103F.535, or any other law, the commissioner of administration may sell lands located in the Gordy Yaeger wildlife management area in Olmsted county. The consideration for the lands

described in sections 2 and 3 shall be \$950 per acre. The conveyances shall be by ~~quitclaim~~ quitclaim deed in a form approved by the attorney general and shall reserve to the state all minerals and mineral rights. The proceeds received from the sales are to be deposited in an account in the general natural resources fund and are appropriated to the commissioner of natural resources for acquisition of replacement wildlife management area lands. These sales are pursuant to the recommendation of the Gordy Yaeger wildlife management area advisory committee.

ARTICLE 16

HEALTH CARE

Section 1. Minnesota Statutes 2008, section 256.01, is amended by adding a subdivision to read:

Subd. 30. **Review and evaluation of ongoing studies.** The commissioner shall review all ongoing studies, reports, and program evaluations completed by the Department of Human Services for state fiscal years 2006 through 2010. For each item, the commissioner shall report the legislature's appropriation for that work, if any, and the actual reported cost of the completed work by the Department of Human Services. The commissioner shall make recommendations to the legislature about which studies, reports, and program evaluations required by law on an ongoing basis are duplicative, unnecessary, or obsolete. The commissioner shall repeat this review every five fiscal years.

Sec. 2. Minnesota Statutes 2008, section 256.9657, subdivision 2, is amended to read:

Subd. 2. **Hospital surcharge.** (a) Effective October 1, 1992, each Minnesota hospital except facilities of the federal Indian Health Service and regional treatment centers shall pay to the medical assistance account a surcharge equal to 1.4 percent of net patient revenues excluding net Medicare revenues reported by that provider to the health care cost information system according to the schedule in subdivision 4.

(b) Effective July 1, 1994, the surcharge under paragraph (a) is increased to 1.56 percent.

(c) Effective July 1, 2010, the surcharge under paragraph (b) is increased to 2.63 percent.

(d) Effective October 1, 2011, the surcharge under paragraph (c) is reduced to 2.30 percent.

(e) Notwithstanding the Medicare cost finding and allowable cost principles, the hospital surcharge is not an allowable cost for purposes of rate setting under sections 256.9685 to 256.9695.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. Minnesota Statutes 2008, section 256.9657, subdivision 3, is amended to read:

Subd. 3. **Surcharge on HMOs and community integrated service networks.** (a) Effective October 1, 1992, each health maintenance organization with a certificate of authority issued by the commissioner of health under chapter 62D and each community integrated service network licensed by the commissioner under chapter 62N shall pay to the commissioner of human services a surcharge equal to six-tenths of one percent of the total premium revenues of the health maintenance organization or community integrated service network as reported to the commissioner of health according to the schedule in subdivision 4.

(b) Effective October 1, 2010, in addition to the surcharge under paragraph (a), each health

maintenance organization shall pay to the commissioner a surcharge equal to 0.52 percent of total premium revenues and each county-based purchasing plan authorized under section 256B.692 shall pay to the commissioner a surcharge equal to 1.12 percent of the total premium revenues of the plan, as reported to the commissioner of health, according to the payment schedule in subdivision 4. Notwithstanding section 256.9656, money collected under this paragraph shall be deposited in the health care access fund established in section 16A.724.

(c) For purposes of this subdivision, total premium revenue means:

(1) premium revenue recognized on a prepaid basis from individuals and groups for provision of a specified range of health services over a defined period of time which is normally one month, excluding premiums paid to a health maintenance organization or community integrated service network from the Federal Employees Health Benefit Program;

(2) premiums from Medicare wrap-around subscribers for health benefits which supplement Medicare coverage;

(3) Medicare revenue, as a result of an arrangement between a health maintenance organization or a community integrated service network and the Centers for Medicare and Medicaid Services of the federal Department of Health and Human Services, for services to a Medicare beneficiary, excluding Medicare revenue that states are prohibited from taxing under sections 1854, 1860D-12, and 1876 of title XVIII of the federal Social Security Act, codified as United States Code, title 42, sections 1395mm, 1395w-112, and 1395w-24, respectively, as they may be amended from time to time; and

(4) medical assistance revenue, as a result of an arrangement between a health maintenance organization or community integrated service network and a Medicaid state agency, for services to a medical assistance beneficiary.

If advance payments are made under clause (1) or (2) to the health maintenance organization or community integrated service network for more than one reporting period, the portion of the payment that has not yet been earned must be treated as a liability.

~~(e)~~ (d) When a health maintenance organization or community integrated service network merges or consolidates with or is acquired by another health maintenance organization or community integrated service network, the surviving corporation or the new corporation shall be responsible for the annual surcharge originally imposed on each of the entities or corporations subject to the merger, consolidation, or acquisition, regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

~~(d)~~ (e) Effective July 1 of each year, the surviving corporation's or the new corporation's surcharge shall be based on the revenues earned in the second previous calendar year by all of the entities or corporations subject to the merger, consolidation, or acquisition regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N until the total premium revenues of the surviving corporation include the total premium revenues of all the merged entities as reported to the commissioner of health.

~~(e)~~ (f) When a health maintenance organization or community integrated service network, which is subject to liability for the surcharge under this chapter, transfers, assigns, sells, leases, or disposes

of all or substantially all of its property or assets, liability for the surcharge imposed by this chapter is imposed on the transferee, assignee, or buyer of the health maintenance organization or community integrated service network.

~~(f)~~ (g) In the event a health maintenance organization or community integrated service network converts its licensure to a different type of entity subject to liability for the surcharge under this chapter, but survives in the same or substantially similar form, the surviving entity remains liable for the surcharge regardless of whether one of the entities or corporations does not retain a certificate of authority under chapter 62D or a license under chapter 62N.

~~(g)~~ (h) The surcharge assessed to a health maintenance organization or community integrated service network ends when the entity ceases providing services for premiums and the cessation is not connected with a merger, consolidation, acquisition, or conversion.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 256.969, subdivision 2b, is amended to read:

Subd. 2b. **Operating payment rates.** In determining operating payment rates for admissions occurring on or after the rate year beginning January 1, 1991, and every two years after, or more frequently as determined by the commissioner, the commissioner shall obtain operating data from an updated base year and establish operating payment rates per admission for each hospital based on the cost-finding methods and allowable costs of the Medicare program in effect during the base year. Rates under the general assistance medical care, medical assistance, and MinnesotaCare programs shall not be rebased to more current data on January 1, 1997, January 1, 2005, for the first 24 months of the rebased period beginning January 1, 2009. For the first ~~three~~ 24 months of the rebased period beginning January 1, 2011, rates shall ~~not be rebased at 74.25 percent of the full value of the rebasing percentage change. From April 1, 2011, to March 31, 2012, rates shall be rebased at 39.2 percent of the full value of the rebasing percentage change,~~ except that a Minnesota long-term hospital shall be rebased effective January 1, 2011, based on its most recent Medicare cost report ending on or before September 1, 2008, with the provisions under subdivisions 9 and 23, based on the rates in effect on December 31, 2010. For subsequent rate setting periods in which the base years are updated, a Minnesota long-term hospital's base year shall remain within the same period as other hospitals. Effective April 1, 2012 January 1, 2013, rates shall be rebased at full value. The base year operating payment rate per admission is standardized by the case mix index and adjusted by the hospital cost index, relative values, and disproportionate population adjustment. The cost and charge data used to establish operating rates shall only reflect inpatient services covered by medical assistance and shall not include property cost information and costs recognized in outlier payments.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 5. Minnesota Statutes 2009 Supplement, section 256.969, subdivision 3a, is amended to read:

Subd. 3a. **Payments.** (a) Acute care hospital billings under the medical assistance program must not be submitted until the recipient is discharged. However, the commissioner shall establish monthly interim payments for inpatient hospitals that have individual patient lengths of stay over 30 days regardless of diagnostic category. Except as provided in section 256.9693, medical assistance reimbursement for treatment of mental illness shall be reimbursed based on diagnostic

classifications. Individual hospital payments established under this section and sections 256.9685, 256.9686, and 256.9695, in addition to third party and recipient liability, for discharges occurring during the rate year shall not exceed, in aggregate, the charges for the medical assistance covered inpatient services paid for the same period of time to the hospital. This payment limitation shall be calculated separately for medical assistance and general assistance medical care services. The limitation on general assistance medical care shall be effective for admissions occurring on or after July 1, 1991. Services that have rates established under subdivision 11 or 12, must be limited separately from other services. After consulting with the affected hospitals, the commissioner may consider related hospitals one entity and may merge the payment rates while maintaining separate provider numbers. The operating and property base rates per admission or per day shall be derived from the best Medicare and claims data available when rates are established. The commissioner shall determine the best Medicare and claims data, taking into consideration variables of recency of the data, audit disposition, settlement status, and the ability to set rates in a timely manner. The commissioner shall notify hospitals of payment rates by December 1 of the year preceding the rate year. The rate setting data must reflect the admissions data used to establish relative values. Base year changes from 1981 to the base year established for the rate year beginning January 1, 1991, and for subsequent rate years, shall not be limited to the limits ending June 30, 1987, on the maximum rate of increase under subdivision 1. The commissioner may adjust base year cost, relative value, and case mix index data to exclude the costs of services that have been discontinued by the October 1 of the year preceding the rate year or that are paid separately from inpatient services. Inpatient stays that encompass portions of two or more rate years shall have payments established based on payment rates in effect at the time of admission unless the date of admission preceded the rate year in effect by six months or more. In this case, operating payment rates for services rendered during the rate year in effect and established based on the date of admission shall be adjusted to the rate year in effect by the hospital cost index.

(b) For fee-for-service admissions occurring on or after July 1, 2002, the total payment, before third-party liability and spenddown, made to hospitals for inpatient services is reduced by .5 percent from the current statutory rates.

(c) In addition to the reduction in paragraph (b), the total payment for fee-for-service admissions occurring on or after July 1, 2003, made to hospitals for inpatient services before third-party liability and spenddown, is reduced five percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432, and facilities defined under subdivision 16 are excluded from this paragraph.

(d) In addition to the reduction in paragraphs (b) and (c), the total payment for fee-for-service admissions occurring on or after August 1, 2005, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 6.0 percent from the current statutory rates. Mental health services within diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Notwithstanding section 256.9686, subdivision 7, for purposes of this paragraph, medical assistance does not include general assistance medical care. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2006, to reflect this reduction.

(e) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2008, through June 30, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 3.46 percent

from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after January 1, 2009, through June 30, 2009, to reflect this reduction.

(f) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2009, through June 30, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.9 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2009, through June 30, 2010, to reflect this reduction.

(g) In addition to the reductions in paragraphs (b), (c), and (d), the total payment for fee-for-service admissions occurring on or after July 1, 2010, made to hospitals for inpatient services before third-party liability and spenddown, is reduced 1.79 percent from the current statutory rates. Mental health services with diagnosis related groups 424 to 432 and facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after July 1, 2010, to reflect this reduction.

(h) In addition to the reductions in paragraphs (b), (c), (d), (f), and (g), the total payment for fee-for-service admissions occurring on or after July 1, 2009, made to hospitals for inpatient services before third-party liability and spenddown, is reduced one percent from the current statutory rates. Facilities defined under subdivision 16 are excluded from this paragraph. Payments made to managed care plans shall be reduced for services provided on or after October 1, 2009, to reflect this reduction.

(i) In order to offset the ratable reductions provided for in this subdivision, the total payment rate for medical assistance fee-for-service admissions occurring on or after July 1, 2010, to June 30, 2011, made to Minnesota hospitals for inpatient services before third-party liability and spenddown, shall be increased by five percent from the current statutory rates. Effective July 1, 2011, the rate increase under this paragraph shall be reduced to 1.96 percent. For purposes of this paragraph, medical assistance does not include general assistance medical care. The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in this paragraph. The commissioner may utilize a settlement process to adjust rates in excess of the Medicare upper limits on payments.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 6. Minnesota Statutes 2008, section 256.969, subdivision 21, is amended to read:

Subd. 21. **Mental health or chemical dependency admissions; rates.** (a) Admissions under the general assistance medical care program occurring on or after July 1, 1990, and admissions under medical assistance, excluding general assistance medical care, occurring on or after July 1, 1990, and on or before September 30, 1992, that are classified to a diagnostic category of mental health or chemical dependency shall have rates established according to the methods of subdivision 14, except the per day rate shall be multiplied by a factor of 2, provided that the total of the per day rates shall not exceed the per admission rate. This methodology shall also apply when a hold or commitment is ordered by the court for the days that inpatient hospital services are medically necessary. Stays which are medically necessary for inpatient hospital services and covered by medical assistance shall not

be billable to any other governmental entity. Medical necessity shall be determined under criteria established to meet the requirements of section 256B.04, subdivision 15, or 256D.03, subdivision 7, paragraph (b).

(b) In order to ensure adequate access for the provision of mental health services and to encourage broader delivery of these services outside the nonstate governmental hospital setting, payment rates for medical assistance admissions occurring on or after July 1, 2010, at a Minnesota private, not-for-profit hospital above the 75th percentile of all Minnesota private, nonprofit hospitals for diagnosis-related groups 424 to 432 and 521 to 523 admissions paid by medical assistance for admissions occurring in calendar year 2007, shall be increased for these diagnosis-related groups at a percentage calculated to cost not more than \$10,000,000 each fiscal year, including state and federal shares. For purposes of this paragraph, medical assistance does not include general assistance medical care. The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in this paragraph. The commissioner may utilize a settlement process to adjust rates in excess of the Medicare upper limits on payments.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 7. Minnesota Statutes 2008, section 256.969, subdivision 26, is amended to read:

Subd. 26. **Greater Minnesota payment adjustment after June 30, 2001.** (a) For admissions occurring after June 30, 2001, the commissioner shall pay fee-for-service inpatient admissions for the diagnosis-related groups specified in paragraph (b) at hospitals located outside of the seven-county metropolitan area at the higher of:

(1) the hospital's current payment rate for the diagnostic category to which the diagnosis-related group belongs, exclusive of disproportionate population adjustments received under subdivision 9 and hospital payment adjustments received under subdivision 23; or

(2) 90 percent of the average payment rate for that diagnostic category for hospitals located within the seven-county metropolitan area, exclusive of disproportionate population adjustments received under subdivision 9 and hospital payment adjustments received under subdivisions 20 and 23.

(b) The payment increases provided in paragraph (a) apply to the following diagnosis-related groups, as they fall within the diagnostic categories:

- (1) 370 cesarean section with complicating diagnosis;
- (2) 371 cesarean section without complicating diagnosis;
- (3) 372 vaginal delivery with complicating diagnosis;
- (4) 373 vaginal delivery without complicating diagnosis;
- (5) 386 extreme immaturity and respiratory distress syndrome, neonate;
- (6) 388 full-term neonates with other problems;
- (7) 390 prematurity without major problems;
- (8) 391 normal newborn;

- (9) 385 neonate, died or transferred to another acute care facility;
- (10) 425 acute adjustment reaction and psychosocial dysfunction;
- (11) 430 psychoses;
- (12) 431 childhood mental disorders; and
- (13) 164-167 appendectomy.

(c) For medical assistance admissions occurring on or after July 1, 2010, the payment rate under paragraph (a), clause (2), shall be increased to 100 percent from 90 percent. For purposes of this paragraph, medical assistance does not include general assistance medical care. The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in this paragraph. The commissioner may utilize a settlement process to adjust rates in excess of the Medicare upper limits on payments.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 8. Minnesota Statutes 2008, section 256.969, is amended by adding a subdivision to read:

Subd. 31. **Hospital payment adjustment after June 30, 2010.** (a) For medical assistance admissions occurring on or after July 1, 2010, to March 31, 2011, the commissioner shall increase rates at Minnesota private, not-for-profit hospitals as follows:

(1) for a hospital with total admissions reimbursed by government payers equal to or greater than 50 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 437 percent;

(2) for a hospital with total admissions reimbursed by government payers equal to or greater than 40 percent but less than 50 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 349.6 percent; and

(3) for a hospital with total admissions reimbursed by government payers of less than 40 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 262.2 percent.

(b) For medical assistance admissions occurring on or after April 1, 2011, the commissioner shall increase rates at Minnesota private, not-for-profit hospitals as follows:

(1) for a hospital with total admissions reimbursed by government payers equal to or greater than 50 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 145 percent;

(2) for a hospital with total admissions reimbursed by government payers equal to or greater than 40 percent but less than 50 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 116 percent; and

(3) for a hospital with total admissions reimbursed by government payers of less than 40 percent, payment rates for inpatient hospital services shall be increased for each admission by \$250 multiplied by 87 percent.

(c) For purposes of paragraphs (a) and (b), "government payers" means Medicare, medical

assistance, MinnesotaCare, and general assistance medical care.

(d) For medical assistance admissions occurring on or after July 1, 2010, to March 31, 2011, the commissioner shall increase rates for inpatient hospital services at Minnesota hospitals by \$850 for each admission. For medical assistance admissions occurring on or after April 1, 2011, the payment under this paragraph shall be reduced to \$320 per admission.

(e) For purposes of this subdivision, medical assistance does not include general assistance medical care. The commissioner shall not adjust rates paid to a prepaid health plan under contract with the commissioner to reflect payments provided in this subdivision. The commissioner may utilize a settlement process to adjust rates in excess of the Medicare upper limits on payments.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 9. Minnesota Statutes 2008, section 256B.04, subdivision 14a, is amended to read:

Subd. 14a. **Level of need determination.** Nonemergency medical transportation level of need determinations must be performed by a physician, a registered nurse working under direct supervision of a physician, a physician's assistant, a nurse practitioner, a licensed practical nurse, or a discharge planner. Nonemergency medical transportation level of need determinations must not be performed more than ~~semiannually~~ annually on any individual, unless the individual's circumstances have sufficiently changed so as to require a new level of need determination. Individuals residing in licensed nursing facilities are exempt from a level of need determination and are eligible for special transportation services until the individual no longer resides in a licensed nursing facility. If a person authorized by this subdivision to perform a level of need determination determines that an individual requires stretcher transportation, the individual is presumed to maintain that level of need until otherwise determined by a person authorized to perform a level of need determination, or for six months, whichever is sooner.

Sec. 10. Minnesota Statutes 2008, section 256B.055, is amended by adding a subdivision to read:

Subd. 15. **Adults without children.** Medical assistance may be paid for a person who is:

- (1) at least age 21 and under age 65;
- (2) not pregnant;
- (3) not entitled to Medicare Part A or enrolled in Medicare Part B under Title XVIII of the Social Security Act;
- (4) not an adult in a family with children as defined in section 256L.01, subdivision 3a; and
- (5) not described in another subdivision of this section.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 11. Minnesota Statutes 2008, section 256B.056, subdivision 3, is amended to read:

Subd. 3. **Asset limitations for individuals and families.** (a) To be eligible for medical assistance, a person must not individually own more than \$3,000 in assets, or if a member of a household with two family members, husband and wife, or parent and child, the household must not own more than \$6,000 in assets, plus \$200 for each additional legal dependent. In addition to

these maximum amounts, an eligible individual or family may accrue interest on these amounts, but they must be reduced to the maximum at the time of an eligibility redetermination. The accumulation of the clothing and personal needs allowance according to section 256B.35 must also be reduced to the maximum at the time of the eligibility redetermination. The value of assets that are not considered in determining eligibility for medical assistance is the value of those assets excluded under the supplemental security income program for aged, blind, and disabled persons, with the following exceptions:

- (1) household goods and personal effects are not considered;
- (2) capital and operating assets of a trade or business that the local agency determines are necessary to the person's ability to earn an income are not considered;
- (3) motor vehicles are excluded to the same extent excluded by the supplemental security income program;
- (4) assets designated as burial expenses are excluded to the same extent excluded by the supplemental security income program. Burial expenses funded by annuity contracts or life insurance policies must irrevocably designate the individual's estate as contingent beneficiary to the extent proceeds are not used for payment of selected burial expenses; and
- (5) effective upon federal approval, for a person who no longer qualifies as an employed person with a disability due to loss of earnings, assets allowed while eligible for medical assistance under section 256B.057, subdivision 9, are not considered for 12 months, beginning with the first month of ineligibility as an employed person with a disability, to the extent that the person's total assets remain within the allowed limits of section 256B.057, subdivision 9, paragraph (c).

(b) No asset limit shall apply to persons eligible under section 256B.055, subdivision 15.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 256B.056, subdivision 4, is amended to read:

Subd. 4. **Income.** (a) To be eligible for medical assistance, a person eligible under section 256B.055, subdivisions 7, 7a, and 12, may have income up to 100 percent of the federal poverty guidelines. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date.

(b) To be eligible for medical assistance, families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. Effective July 1, 2000, the base AFDC standard in effect on July 16, 1996, shall be increased by three percent.

(c) Effective July 1, 2002, to be eligible for medical assistance, families and children may have an income up to 100 percent of the federal poverty guidelines for the family size.

(d) Effective July 1, 2010, to be eligible for medical assistance under section 256B.055, subdivision 15, a person may have an income up to 75 percent of federal poverty guidelines for the family size.

(e) In computing income to determine eligibility of persons under paragraphs (a) to ~~(e)~~ (d) who are not residents of long-term care facilities, the commissioner shall disregard increases in income

as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. **Physical therapy.** Medical assistance covers physical therapy and related services, including specialized maintenance therapy. Authorization by the commissioner is required to provide medically necessary services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 80 units of any approved CPT code other than modalities; (2) 20 modality sessions; and (3) three evaluations or reevaluations. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

EFFECTIVE DATE. This section is effective July 1, 2010, for services provided through fee-for-service, and January 1, 2011, for services provided through managed care.

Sec. 14. Minnesota Statutes 2008, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. **Occupational therapy.** Medical assistance covers occupational therapy and related services, including specialized maintenance therapy. Authorization by the commissioner is required to provide medically necessary services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 120 units of any combination of approved CPT codes; and (2) two evaluations or reevaluations. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

EFFECTIVE DATE. This section is effective July 1, 2010, for services provided through fee-for-service, and January 1, 2011, for services provided through managed care.

Sec. 15. Minnesota Statutes 2008, section 256B.0625, subdivision 8b, is amended to read:

Subd. 8b. **Speech language pathology and audiology services.** Medical assistance covers speech language pathology and related services, including specialized maintenance therapy. Authorization by the commissioner is required to provide medically necessary services to a recipient beyond any of the following onetime service thresholds, or a lower threshold where one has been established by the commissioner for a specified service: (1) 50 treatment sessions with any combination of approved CPT codes; and (2) one evaluation. Medical assistance covers audiology services and related services. Services provided by a person who has been issued a temporary registration under section 148.5161 shall be reimbursed at the same rate as services

performed by a speech language pathologist or audiologist as long as the requirements of section 148.5161, subdivision 3, are met.

EFFECTIVE DATE. This section is effective July 1, 2010, for services provided through fee-for-service, and January 1, 2011, for services provided through managed care.

Sec. 16. Minnesota Statutes 2008, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8d. **Chiropractic services.** Payment for chiropractic services is limited to one annual evaluation and 12 visits per year unless prior authorization of a greater number of visits is obtained.

Sec. 17. Minnesota Statutes 2009 Supplement, section 256B.0625, subdivision 13h, is amended to read:

Subd. 13h. **Medication therapy management services.** (a) Medical assistance and general assistance medical care cover medication therapy management services for a recipient taking four or more prescriptions to treat or prevent two or more chronic medical conditions, or a recipient with a drug therapy problem that is identified or prior authorized by the commissioner that has resulted or is likely to result in significant nondrug program costs. The commissioner may cover medical therapy management services under MinnesotaCare if the commissioner determines this is cost-effective. For purposes of this subdivision, "medication therapy management" means the provision of the following pharmaceutical care services by a licensed pharmacist to optimize the therapeutic outcomes of the patient's medications:

- (1) performing or obtaining necessary assessments of the patient's health status;
- (2) formulating a medication treatment plan;
- (3) monitoring and evaluating the patient's response to therapy, including safety and effectiveness;
- (4) performing a comprehensive medication review to identify, resolve, and prevent medication-related problems, including adverse drug events;
- (5) documenting the care delivered and communicating essential information to the patient's other primary care providers;
- (6) providing verbal education and training designed to enhance patient understanding and appropriate use of the patient's medications;
- (7) providing information, support services, and resources designed to enhance patient adherence with the patient's therapeutic regimens; and
- (8) coordinating and integrating medication therapy management services within the broader health care management services being provided to the patient.

Nothing in this subdivision shall be construed to expand or modify the scope of practice of the pharmacist as defined in section 151.01, subdivision 27.

(b) To be eligible for reimbursement for services under this subdivision, a pharmacist must meet the following requirements:

(1) have a valid license issued under chapter 151;

(2) have graduated from an accredited college of pharmacy on or after May 1996, or completed a structured and comprehensive education program approved by the Board of Pharmacy and the American Council of Pharmaceutical Education for the provision and documentation of pharmaceutical care management services that has both clinical and didactic elements;

(3) be practicing in an ambulatory care setting as part of a multidisciplinary team or have developed a structured patient care process that is offered in a private or semiprivate patient care area that is separate from the commercial business that also occurs in the setting, or in home settings, excluding long-term care and group homes, if the service is ordered by the provider-directed care coordination team; and

(4) make use of an electronic patient record system that meets state standards.

(c) For purposes of reimbursement for medication therapy management services, the commissioner may enroll individual pharmacists as medical assistance and general assistance medical care providers. The commissioner may also establish contact requirements between the pharmacist and recipient, including limiting the number of reimbursable consultations per recipient.

(d) If there are no pharmacists who meet the requirements of paragraph (b) practicing within a reasonable geographic distance of the patient, a pharmacist who meets the requirements may provide the services via two-way interactive video. Reimbursement shall be at the same rates and under the same conditions that would otherwise apply to the services provided. To qualify for reimbursement under this paragraph, the pharmacist providing the services must meet the requirements of paragraph (b), and must be located within an ambulatory care setting approved by the commissioner. The patient must also be located within an ambulatory care setting approved by the commissioner. Services provided under this paragraph may not be transmitted into the patient's residence.

(e) The commissioner shall establish a pilot project for an intensive medication therapy management program for patients identified by the commissioner with multiple chronic conditions and a high number of medications who are at high risk of preventable hospitalizations, emergency room use, medication complications, and suboptimal treatment outcomes due to medication-related problems. For purposes of the pilot project, medication therapy management services may be provided in a patient's home or community setting, in addition to other authorized settings. The commissioner may waive existing payment policies and establish special payment rates for the pilot project. The pilot project must be designed to produce a net savings to the state compared to the estimated costs that would otherwise be incurred for similar patients without the program. The pilot project must begin by January 1, 2010, and end June 30, 2012.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 18. Minnesota Statutes 2008, section 256B.0625, subdivision 18a, is amended to read:

Subd. 18a. **Access to medical services.** (a) Medical assistance reimbursement for meals for persons traveling to receive medical care may not exceed \$5.50 for breakfast, \$6.50 for lunch, or \$8 for dinner.

(b) Medical assistance reimbursement for lodging for persons traveling to receive medical care may not exceed \$50 per day unless prior authorized by the local agency.

(c) Medical assistance direct mileage reimbursement to the eligible person or the eligible person's driver may not exceed 20 cents per mile.

(d) Regardless of the number of employees that an enrolled health care provider may have, medical assistance covers sign and oral language interpreter services when provided by an enrolled health care provider during the course of providing a direct, person-to-person covered health care service to an enrolled recipient with limited English proficiency or who has a hearing loss and uses interpreting services. Coverage for face-to-face oral language interpreter services shall be provided only if the oral language interpreter used by the enrolled health care provider is listed in the registry or roster established under section 144.058.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 19. Minnesota Statutes 2008, section 256B.0625, subdivision 31, is amended to read:

Subd. 31. **Medical supplies and equipment.** Medical assistance covers medical supplies and equipment. Separate payment outside of the facility's payment rate shall be made for wheelchairs and wheelchair accessories for recipients who are residents of intermediate care facilities for the developmentally disabled. Reimbursement for wheelchairs and wheelchair accessories for ICF/MR recipients shall be subject to the same conditions and limitations as coverage for recipients who do not reside in institutions. A wheelchair purchased outside of the facility's payment rate is the property of the recipient. The commissioner may set reimbursement rates for specified categories of medical supplies at levels below the Medicare payment rate.

Sec. 20. Minnesota Statutes 2008, section 256B.0625, is amended by adding a subdivision to read:

Subd. 54. **Services provided in birth centers.** (a) Medical assistance covers services provided in a licensed birth center by a licensed health professional if the service would otherwise be covered if provided in a hospital.

(b) Facility services provided by a birth center shall be paid at the lower of billed charges or 70 percent of the statewide average for a facility payment rate made to a hospital for an uncomplicated vaginal birth as determined using the most recent calendar year for which complete claims data is available. If a recipient is transported from a birth center to a hospital prior to the delivery, the payment for facility services to the birth center shall be the lower of billed charges or 15 percent of the average facility payment made to a hospital for the services provided for an uncomplicated vaginal delivery as determined using the most recent calendar year for which complete claims data is available.

(c) Nursery care services provided by a birth center shall be paid the lower of billed charges or 70 percent of the statewide average for a payment rate paid to a hospital for nursery care as determined by using the most recent calendar year for which complete claims data is available.

(d) Professional services provided by traditional midwives licensed under chapter 147D shall be paid at the lower of billed charges or 100 percent of the rate paid to a physician performing the same services. If a recipient is transported from a birth center to a hospital prior to the delivery, a licensed traditional midwife who does not perform the delivery may not bill for any delivery services. Services are not covered if provided by an unlicensed traditional midwife.

(e) The commissioner shall apply for any necessary waivers from the Centers for Medicare and

Medicaid Services to allow birth centers and birth center providers to be reimbursed.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 21. Minnesota Statutes 2008, section 256B.0631, subdivision 1, is amended to read:

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003, and before January 1, 2009:

(1) \$3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) \$6 for nonemergency visits to a hospital-based emergency room; and

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after January 1, 2009:

(1) ~~\$6~~ \$3.50 for nonemergency visits to a hospital-based emergency room;

(2) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$7 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness; and

(3) for individuals identified by the commissioner with income at or below 100 percent of the federal poverty guidelines, total monthly co-payments must not exceed five percent of family income. For purposes of this paragraph, family income is the total earned and unearned income of the individual and the individual's spouse, if the spouse is enrolled in medical assistance and also subject to the five percent limit on co-payments.

(c) Recipients of medical assistance are responsible for all co-payments in this subdivision.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 22. Minnesota Statutes 2008, section 256B.0631, subdivision 3, is amended to read:

Subd. 3. **Collection.** (a) The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursements shall not be reduced:

(1) once a recipient has reached the \$12 per month maximum or the \$7 per month maximum effective January 1, 2009, for prescription drug co-payments; or

(2) for a recipient identified by the commissioner under 100 percent of the federal poverty guidelines who has met their monthly five percent co-payment limit.

(b) The provider collects the co-payment from the recipient. Providers may not deny services to

recipients who are unable to pay the co-payment.

(c) Medical assistance reimbursement to fee-for-service providers and payments to managed care plans shall not be increased as a result of the removal of ~~the~~ co-payments effective on or after January 1, 2009.

Sec. 23. Minnesota Statutes 2008, section 256B.0644, as amended by Laws 2010, chapter 200, article 1, section 6, is amended to read:

256B.0644 REIMBURSEMENT UNDER OTHER STATE HEALTH CARE PROGRAMS.

(a) A vendor of medical care, as defined in section 256B.02, subdivision 7, and a health maintenance organization, as defined in chapter 62D, must participate as a provider or contractor in the medical assistance program, general assistance medical care program, and MinnesotaCare as a condition of participating as a provider in health insurance plans and programs or contractor for state employees established under section 43A.18, the public employees insurance program under section 43A.316, for health insurance plans offered to local statutory or home rule charter city, county, and school district employees, the workers' compensation system under section 176.135, and insurance plans provided through the Minnesota Comprehensive Health Association under sections 62E.01 to 62E.19. The limitations on insurance plans offered to local government employees shall not be applicable in geographic areas where provider participation is limited by managed care contracts with the Department of Human Services.

(b) For providers other than health maintenance organizations, participation in the medical assistance program means that:

(1) the provider accepts new medical assistance, general assistance medical care, and MinnesotaCare patients;

(2) for providers other than dental service providers, at least 20 percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage; or

(3) for dental service providers, at least ten percent of the provider's patients are covered by medical assistance, general assistance medical care, and MinnesotaCare as their primary source of coverage, or the provider accepts new medical assistance and MinnesotaCare patients who are children with special health care needs. For purposes of this section, "children with special health care needs" means children up to age 18 who: (i) require health and related services beyond that required by children generally; and (ii) have or are at risk for a chronic physical, developmental, behavioral, or emotional condition, including: bleeding and coagulation disorders; immunodeficiency disorders; cancer; endocrinopathy; developmental disabilities; epilepsy, cerebral palsy, and other neurological diseases; visual impairment or deafness; Down syndrome and other genetic disorders; autism; fetal alcohol syndrome; and other conditions designated by the commissioner after consultation with representatives of pediatric dental providers and consumers.

(c) Patients seen on a volunteer basis by the provider at a location other than the provider's usual place of practice may be considered in meeting the participation requirement in this section. The commissioner shall establish participation requirements for health maintenance organizations. The commissioner shall provide lists of participating medical assistance providers on a quarterly

basis to the commissioner of management and budget, the commissioner of labor and industry, and the commissioner of commerce. Each of the commissioners shall develop and implement procedures to exclude as participating providers in the program or programs under their jurisdiction those providers who do not participate in the medical assistance program. The commissioner of management and budget shall implement this section through contracts with participating health and dental carriers.

~~(d) Any hospital or other provider that is participating in a coordinated care delivery system under section 256D.031, subdivision 6, or receives payments from the uncompensated care pool under section 256D.031, subdivision 8, shall not refuse to provide services to any patient enrolled in general assistance medical care regardless of the availability or the amount of payment.~~

~~(e) For purposes of paragraphs (a) and (b), participation in the general assistance medical care program applies only to pharmacy providers.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 24. [256B.0755] HEALTH CARE DELIVERY SYSTEMS DEMONSTRATION PROJECT.

Subdivision 1. **Implementation.** (a) The commissioner shall develop and authorize a demonstration project to test alternative and innovative health care delivery systems, including accountable care organizations that provide services to a specified patient population for an agreed upon total cost of care or risk-gain sharing payment arrangement. The commissioner shall develop a request for proposals for participation in the demonstration project in consultation with hospitals, primary care providers, health plans, and other key stakeholders.

(b) In developing the request for proposals, the commissioner shall:

(1) establish uniform statewide methods of forecasting utilization and cost of care for the appropriate Minnesota public program populations, to be used by the commissioner for the health care delivery system projects;

(2) identify key indicators of quality, access, patient satisfaction, and other performance indicators that will be measured, in addition to indicators for measuring cost savings;

(3) allow maximum flexibility to encourage innovation and variation so that a variety of provider collaborations are able to become health care delivery systems;

(4) encourage and authorize different levels and types of financial risk;

(5) encourage and authorize projects representing a wide variety of geographic locations, patient populations, provider relationships, and care coordination models;

(6) encourage projects that involve close partnerships between the health care delivery system and counties and nonprofit agencies that provide services to patients enrolled with the health care delivery system, including social services, public health, mental health, community-based services, and continuing care;

(7) encourage projects established by community hospitals, clinics, and other providers in rural communities;

(8) identify required covered services for a total cost of care model or services considered in whole or partially in an analysis of utilization for a risk/gain sharing model;

(9) establish a mechanism to monitor enrollment;

(10) establish quality standards for the delivery system demonstrations; and

(11) encourage participation of privately insured population so as to create sufficient alignment in demonstration systems.

(c) To be eligible to participate in the demonstration project, a health care delivery system must:

(1) provide required covered services and care coordination to recipients enrolled in the health care delivery system;

(2) establish a process to monitor enrollment and ensure the quality of care provided;

(3) in cooperation with counties and community social service agencies, coordinate the delivery of health care services with existing social services programs;

(4) provide a system for advocacy and consumer protection; and

(5) adopt innovative and cost-effective methods of care delivery and coordination, which may include the use of allied health professionals, telemedicine, patient educators, care coordinators, and community health workers.

(d) A health care delivery system demonstration may be formed by the following groups of providers of services and suppliers if they have established a mechanism for shared governance:

(1) professionals in group practice arrangements;

(2) networks of individual practices of professionals;

(3) partnerships or joint venture arrangements between hospitals and health care professionals;

(4) hospitals employing professionals; and

(5) other groups of providers of services and suppliers as the commissioner determines appropriate.

A managed care plan or county-based purchasing plan may participate in this demonstration in collaboration with one or more of the entities listed in clauses (1) to (5).

A health care delivery system may contract with a managed care plan or a county-based purchasing plan to provide administrative services, including the administration of a payment system using the payment methods established by the commissioner for health care delivery systems.

(e) The commissioner may require a health care delivery system to enter into additional third-party contractual relationships for the assessment of risk and purchase of stop loss insurance or another form of insurance risk management related to the delivery of care described in paragraph (c).

Subd. 2. **Enrollment.** (a) Individuals eligible for medical assistance or MinnesotaCare shall be

eligible for enrollment in a health care delivery system.

(b) Eligible applicants and recipients may enroll in a health care delivery system if a system serves the county in which the applicant or recipient resides. If more than one health care delivery system serves a county, the applicant or recipient shall be allowed to choose among the delivery systems. The commissioner may assign an applicant or recipient to a health care delivery system if a health care delivery system is available and no choice has been made by the applicant or recipient.

Subd. 3. **Accountability.** (a) Health care delivery systems must accept responsibility for the quality of care based on standards established under subdivision 1, paragraph (b), clause (10), and the cost of care or utilization of services provided to its enrollees under subdivision 1, paragraph (b), clause (1).

(b) A health care delivery system may contract and coordinate with providers and clinics for the delivery of services and shall contract with community health clinics, federally qualified health centers, community mental health centers or programs, and rural clinics to the extent practicable.

Subd. 4. **Payment system.** (a) In developing a payment system for health care delivery systems, the commissioner shall establish a total cost of care benchmark or a risk/gain sharing payment model to be paid for services provided to the recipients enrolled in a health care delivery system.

(b) The payment system may include incentive payments to health care delivery systems that meet or exceed annual quality and performance targets realized through the coordination of care.

(c) An amount equal to the savings realized to the general fund as a result of the demonstration project shall be transferred each fiscal year to the health care access fund.

Subd. 5. **Outpatient prescription drug coverage.** Outpatient prescription drug coverage may be provided through accountable care organizations only if the delivery method qualifies for federal prescription drug rebates.

Subd. 6. **Federal approval.** The commissioner shall apply for any federal waivers or other federal approval required to implement this section. The commissioner shall also apply for any applicable grant or demonstration under the Patient Protection and Affordable Health Care Act, Public Law 111-148, or the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, that would further the purposes of or assist in the establishment of accountable care organizations.

Subd. 7. **Expansion.** The commissioner shall explore the expansion of the demonstration project to include additional medical assistance and MinnesotaCare enrollees, and shall seek participation of Medicare in demonstration projects. The commissioner shall seek to include participation of privately insured persons and Medicare recipients in the health care delivery demonstration.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 25. **[256B.0756] HENNEPIN AND RAMSEY COUNTIES PILOT PROGRAM.**

(a) The commissioner, upon federal approval of a new waiver request or amendment of an existing demonstration, may establish a pilot program in Hennepin County or Ramsey County, or both, to test alternative and innovative integrated health care delivery networks.

(b) Individuals eligible for the pilot program shall be individuals who are eligible for medical

assistance under Minnesota Statutes, section 256B.055, subdivision 15, and who reside in Hennepin County or Ramsey County.

(c) Individuals enrolled in the pilot shall be enrolled in an integrated health care delivery network in their county of residence. The integrated health care delivery network in Hennepin County shall be a network, such as an accountable care organization or a community-based collaborative care network, created by or including Hennepin County Medical Center. The integrated health care delivery network in Ramsey County shall be a network, such as an accountable care organization or community-based collaborative care network, created by or including Regions Hospital.

(d) The commissioner shall cap pilot program enrollment at 7,000 enrollees for Hennepin County and 3,500 enrollees for Ramsey County.

(e) In developing a payment system for the pilot programs, the commissioner shall establish a total cost of care for the recipients enrolled in the pilot programs that equals the cost of care that would otherwise be spent for these enrollees in the prepaid medical assistance program.

(f) Counties may transfer funds necessary to support the nonfederal share of payments for integrated health care delivery networks in their county. Such transfers per county shall not exceed 15 percent of the expected expenses for county enrollees.

(g) The commissioner shall apply to the federal government for, or as appropriate, cooperate with counties, providers, or other entities that are applying for any applicable grant or demonstration under the Patient Protection and Affordable Health Care Act, Public Law 111-148, or the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, that would further the purposes of or assist in the creation of an integrated health care delivery network for the purposes of this subdivision, including, but not limited to, a global payment demonstration or the community-based collaborative care network grants.

Sec. 26. Minnesota Statutes 2009 Supplement, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and sections 256L.12 and 256D.03, shall be entered into or renewed on a calendar year basis beginning January 1, 1996. Managed care contracts which were in effect on June 30, 1995, and set to renew on July 1, 1995, shall be renewed for the period July 1, 1995 through December 31, 1995 at the same terms that were in effect on June 30, 1995. The commissioner may issue separate contracts with requirements specific to services to medical assistance recipients age 65 and older.

(b) A prepaid health plan providing covered health services for eligible persons pursuant to chapters 256B, 256D, and 256L, is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B, 256D, and 256L, established after the effective date of a contract with the commissioner take effect when the contract is next issued or renewed.

(c) Effective for services rendered on or after January 1, 2003, the commissioner shall withhold five percent of managed care plan payments under this section and county-based purchasing ~~plan's payment rate~~ plan payments under section 256B.692 for the prepaid medical assistance and general assistance medical care programs pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case

of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, including characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July of the following year if performance targets in the contract are achieved. The commissioner may exclude special demonstration projects under subdivision 23.

(d) Effective for services rendered on or after January 1, 2009, through December 31, 2009, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance and general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

The return of the withhold under this paragraph is not subject to the requirements of paragraph (c).

(e) Effective for services provided on or after January 1, 2010, the commissioner shall require that managed care plans use the assessment and authorization processes, forms, timelines, standards, documentation, and data reporting requirements, protocols, billing processes, and policies consistent with medical assistance fee-for-service or the Department of Human Services contract requirements consistent with medical assistance fee-for-service or the Department of Human Services contract requirements for all personal care assistance services under section 256B.0659.

(f) Effective for services rendered on or after January 1, 2010, through December 31, 2010, the commissioner shall withhold 3.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

(g) Effective for services rendered on or after January 1, 2011, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the health plan's emergency room utilization rate for state health care program enrollees by a measurable rate of five percent from the plan's utilization rate for state health care program enrollees for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for state health care program enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance

target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount. The withhold in this paragraph does not apply to county-based purchasing plans.

~~(g)~~ (h) Effective for services rendered on or after January 1, 2011, through December 31, 2011, the commissioner shall withhold four percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

~~(h)~~ (i) Effective for services rendered on or after January 1, 2012, through December 31, 2012, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

~~(i)~~ (j) Effective for services rendered on or after January 1, 2013, through December 31, 2013, the commissioner shall withhold 4.5 percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance program. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

~~(j)~~ (k) Effective for services rendered on or after January 1, 2014, the commissioner shall withhold three percent of managed care plan payments under this section and county-based purchasing plan payments under section 256B.692 for the prepaid medical assistance and prepaid general assistance medical care programs. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following year. The commissioner may exclude special demonstration projects under subdivision 23.

~~(k)~~ (l) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably expected to be returned.

~~(l)~~ (m) Contracts between the commissioner and a prepaid health plan are exempt from the set-aside and preference provisions of section 16C.16, subdivisions 6, paragraph (a), and 7.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 27. Minnesota Statutes 2008, section 256B.69, is amended by adding a subdivision to read:

Subd. 5k. **Rate modifications.** For services rendered on or after October 1, 2010, the total payment made to managed care plans and county-based purchasing plans under the medical assistance program shall be increased by 0.88 percent.

EFFECTIVE DATE. This section is effective October 1, 2010.

Sec. 28. Minnesota Statutes 2008, section 256B.69, is amended by adding a subdivision to read:

Subd. 51. **Actuarial soundness.** (a) Rates paid to managed care plans and county-based purchasing plans shall satisfy requirements for actuarial soundness. In order to comply with this subdivision, the rates must:

- (1) be neither inadequate nor excessive;
- (2) satisfy federal requirements;
- (3) in the case of contracts with incentive arrangements, not exceed 105 percent of the approved capitation payments attributable to the enrollees or services covered by the incentive arrangement;
- (4) be developed in accordance with generally accepted actuarial principles and practices;
- (5) be appropriate for the populations to be covered and the services to be furnished under the contract; and
- (6) be certified as meeting the requirements of federal regulations by actuaries who meet the qualification standards established by the American Academy of Actuaries and follow the practice standards established by the Actuarial Standards Board.

(b) Each year within 30 days of the establishment of plan rates, the commissioner shall report to the chairs and ranking minority members of the senate Health and Human Services Budget Division and the house of representatives Health Care and Human Services Finance Division to certify how each of these conditions have been met by the new payment rates.

Sec. 29. Minnesota Statutes 2008, section 256B.69, subdivision 20, as amended by Laws 2010, chapter 200, article 1, section 10, is amended to read:

Subd. 20. **Ombudsperson.** ~~(a)~~ The commissioner shall designate an ombudsperson to advocate for persons required to enroll in prepaid health plans under this section. The ombudsperson shall advocate for recipients enrolled in prepaid health plans through complaint and appeal procedures and ensure that necessary medical services are provided either by the prepaid health plan directly or by referral to appropriate social services. At the time of enrollment in a prepaid health plan, the local agency shall inform recipients about the ombudsperson program and their right to a resolution of a complaint by the prepaid health plan if they experience a problem with the plan or its providers.

~~(b) The commissioner shall designate an ombudsperson to advocate for persons enrolled in a care coordination delivery system under section 256D.031. The ombudsperson shall advocate for recipients enrolled in a care coordination delivery system through the state appeal process and assist enrollees in accessing necessary medical services through the care coordination delivery systems directly or by referral to appropriate services. At the time of enrollment in a care coordination delivery system, the local agency shall inform recipients about the ombudsperson program.~~

Sec. 30. Minnesota Statutes 2008, section 256B.69, subdivision 27, is amended to read:

Subd. 27. **Information for persons with limited English-language proficiency.** Managed care contracts entered into under this section and ~~sections 256D.03, subdivision 4, paragraph (e), and section 256L.12~~ must require demonstration providers to provide language assistance to enrollees that ensures meaningful access to its programs and services according to Title VI of the Civil Rights Act and federal regulations adopted under that law or any guidance from the United States Department of Health and Human Services.

EFFECTIVE DATE. This section is effective retroactively from April 1, 2010.

Sec. 31. Minnesota Statutes 2008, section 256B.692, subdivision 1, is amended to read:

Subdivision 1. **In general.** County boards or groups of county boards may elect to purchase or provide health care services on behalf of persons eligible for medical assistance ~~and general assistance medical care~~ who would otherwise be required to or may elect to participate in the prepaid medical assistance or prepaid general assistance medical care programs according to ~~sections section 256B.69 and 256D.03.~~ Counties that elect to purchase or provide health care under this section must provide all services included in prepaid managed care programs according to ~~sections section 256B.69, subdivisions 1 to 22, and 256D.03.~~ County-based purchasing under this section is governed by section 256B.69, unless otherwise provided for under this section.

EFFECTIVE DATE. This section is effective retroactively from April 1, 2010.

Sec. 32. Minnesota Statutes 2009 Supplement, section 256B.76, subdivision 1, is amended to read:

Subdivision 1. **Physician reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for physician services as follows:

(1) payment for level one Centers for Medicare and Medicaid Services' common procedural coding system codes titled "office and other outpatient services," "preventive medicine new and established patient," "delivery, antepartum, and postpartum care," "critical care," cesarean delivery and pharmacologic management provided to psychiatric patients, and level three codes for enhanced services for prenatal high risk, shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992. If the rate on any procedure code within these categories is different than the rate that would have been paid under the methodology in section 256B.74, subdivision 2, then the larger rate shall be paid;

(2) payments for all other services shall be paid at the lower of (i) submitted charges, or (ii) 15.4 percent above the rate in effect on June 30, 1992; and

(3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases except that payment rates for home health agency services shall be the rates in effect on September 30, 1992.

(b) Effective for services rendered on or after January 1, 2000, payment rates for physician and professional services shall be increased by three percent over the rates in effect on December 31, 1999, except for home health agency and family planning agency services. The increases in this paragraph shall be implemented January 1, 2000, for managed care.

(c) Effective for services rendered on or after July 1, 2009, payment rates for physician and professional services shall be reduced by five percent over the rates in effect on June 30, 2009. ~~This reduction does and the reductions in paragraph (d) do not apply to office or other outpatient visits, preventive medicine visits and family planning visits billed by physicians, advanced practice nurses, or physician assistants in a family planning agency or in one of the following primary care practices: general practice, general internal medicine, general pediatrics, general geriatrics, and family medicine. This reduction does and the reductions in paragraph (d) do not apply to federally qualified health centers, rural health centers, and Indian health services.~~ Effective October 1, 2009, payments made to managed care plans and county-based purchasing plans under sections 256B.69,

256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(d) Effective for services rendered on or after July 1, 2010, payment rates for physician and professional services shall be reduced an additional seven percent over the five percent reduction in rates described in paragraph (c). This additional reduction does not apply to physical therapy services, occupational therapy services, and speech pathology and related services provided on or after July 1, 2010. This additional reduction does not apply to physician services billed by a psychiatrist or an advanced practice nurse with a specialty in mental health. Effective October 1, 2010, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12 shall reflect the payment reduction described in this paragraph.

(e) Effective for services rendered on or after October 1, 2010, payment rates for physician and professional services billed by physicians employed by and clinics owned by a nonprofit health maintenance organization shall be increased by 14 percent. Effective October 1, 2010, payments made to managed care plans and county-based purchasing plans under sections 256B.69, 256B.692, and 256L.12, shall reflect the payment increase described in this paragraph.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 33. Minnesota Statutes 2008, section 256B.76, subdivision 2, is amended to read:

Subd. 2. **Dental reimbursement.** (a) Effective for services rendered on or after October 1, 1992, the commissioner shall make payments for dental services as follows:

(1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June 30, 1992; and

(2) dental rates shall be converted from the 50th percentile of 1982 to the 50th percentile of 1989, less the percent in aggregate necessary to equal the above increases.

(b) Beginning October 1, 1999, the payment for tooth sealants and fluoride treatments shall be the lower of (1) submitted charge, or (2) 80 percent of median 1997 charges.

(c) Effective for services rendered on or after January 1, 2000, payment rates for dental services shall be increased by three percent over the rates in effect on December 31, 1999.

(d) Effective for services provided on or after January 1, 2002, payment for diagnostic examinations and dental x-rays provided to children under age 21 shall be the lower of (1) the submitted charge, or (2) 85 percent of median 1999 charges.

(e) The increases listed in paragraphs (b) and (c) shall be implemented January 1, 2000, for managed care.

(f) Effective for dental services rendered on or after October 1, 2010, by a state-operated dental clinic, payment shall be paid on a reasonable cost basis that is based on the Medicare principles of reimbursement. This payment shall be effective for services rendered on or after January 1, 2011, to recipients enrolled in managed care plans or county-based purchasing plans.

(g) Beginning in fiscal year 2011, if the payments to state-operated dental clinics in paragraph (f), including state and federal shares, are less than \$1,850,000 per fiscal year, a supplemental state payment equal to the difference between the total payments in paragraph (f) and \$1,850,000 shall be paid from the general fund to state-operated services for the operation of the dental clinics.

(h) If the cost-based payment system for state-operated dental clinics described in paragraph (f) does not receive federal approval, then state-operated dental clinics shall be designated as critical access dental providers under subdivision 4, paragraph (b), and shall receive the critical access dental reimbursement rate as described under subdivision 4, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 34. Minnesota Statutes 2008, section 256B.76, subdivision 4, is amended to read:

Subd. 4. **Critical access dental providers.** (a) Effective for dental services rendered on or after January 1, 2002, the commissioner shall increase reimbursements to dentists and dental clinics deemed by the commissioner to be critical access dental providers. For dental services rendered on or after July 1, 2007, the commissioner shall increase reimbursement by 30 percent above the reimbursement rate that would otherwise be paid to the critical access dental provider. The commissioner shall pay the health plan companies managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner. In determining which dentists and dental clinics shall be deemed critical access dental providers, the commissioner shall review:

(b) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) the utilization rate in the service area in which the dentist or dental clinic operates for dental services to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic's patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) the level of services provided by the dentist or dental clinic to patients covered by medical assistance, general assistance medical care, or MinnesotaCare as their primary source of coverage federally qualified health centers, rural health clinics, and public health clinics; and

(3) whether the level of services provided by the dentist or dental clinic is critical to maintaining adequate levels of patient access within the service area county owned and operated hospital-based dental clinics;

(4) a dental clinic or dental group owned and operated by a nonprofit corporation in accordance

with chapter 317A with more than 10,000 patient encounters per year with patients who are uninsured or covered by medical assistance, general assistance medical care, or MinnesotaCare; and

(5) a dental clinic associated with an oral health or dental education program operated by the University of Minnesota or an institution within the Minnesota State Colleges and Universities system.

~~In the absence of a critical access dental provider in a service area,~~ (c) The commissioner may designate a dentist or dental clinic as a critical access dental provider if the dentist or dental clinic is willing to provide care to patients covered by medical assistance, general assistance medical care, or MinnesotaCare at a level which significantly increases access to dental care in the service area.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 35. Minnesota Statutes 2009 Supplement, section 256B.766, is amended to read:

256B.766 REIMBURSEMENT FOR BASIC CARE SERVICES.

(a) Effective for services provided on or after July 1, 2009, total payments for basic care services, shall be reduced by three percent, prior to third-party liability and spenddown calculation. Effective July 1, 2010, the commissioner shall classify physical therapy services, occupational therapy services, and speech language pathology and related services as basic care services. The reduction in this paragraph shall apply to physical therapy services, occupational therapy services, and speech language pathology and related services provided on or after July 1, 2010.

(b) Payments made to managed care plans and county-based purchasing plans shall be reduced for services provided on or after October 1, 2009, to reflect this the reduction effective July 1, 2009, and payments made to the plans shall be reduced effective October 1, 2010, to reflect the reduction effective July 1, 2010.

~~(b)~~ (c) This section does not apply to physician and professional services, inpatient hospital services, family planning services, mental health services, dental services, prescription drugs, medical transportation, federally qualified health centers, rural health centers, Indian health services, and Medicare cost-sharing.

Sec. 36. [256B.767] MEDICARE PAYMENT LIMIT.

(a) Effective for services rendered on or after July 1, 2010, fee-for-service payment rates for physician and professional services under section 256B.76, subdivision 1, and basic care services subject to the rate reduction specified in section 256B.766, shall not exceed the Medicare payment rate for the applicable service, as adjusted for any changes in Medicare payment rates after July 1, 2010. The commissioner shall implement this section after any other rate adjustment that is effective July 1, 2010, and shall reduce rates under this section by first reducing or eliminating provider rate add-ons.

(b) This section does not apply to services provided by advanced practice certified nurse midwives licensed under chapter 148 or traditional midwives licensed under chapter 147D. Notwithstanding this exemption, medical assistance fee-for-service payment rates for advanced practice certified nurse midwives and licensed traditional midwives shall equal and shall not exceed the medical assistance payment rate to physicians for the applicable service.

(c) This section does not apply to mental health services or physician services billed by a psychiatrist or an advanced practice registered nurse with a specialty in mental health.

Sec. 37. Minnesota Statutes 2009 Supplement, section 256D.03, subdivision 3, as amended by Laws 2010, chapter 200, article 1, section 11, is amended to read:

Subd. 3. **General assistance medical care; eligibility.** (a) Beginning April 1, 2010, the general assistance medical care program shall be administered according to section 256D.031, unless otherwise stated, except for outpatient prescription drug coverage, which shall continue to be administered under this section and funded under section 256D.031, subdivision 9, beginning June 1, 2010.

(b) Outpatient prescription drug coverage under general assistance medical care is limited to prescription drugs that:

(1) are covered under the medical assistance program as described in section 256B.0625, subdivisions 13 and 13d; and

(2) are provided by manufacturers that have fully executed general assistance medical care rebate agreements with the commissioner and comply with the agreements. Outpatient prescription drug coverage under general assistance medical care must conform to coverage under the medical assistance program according to section 256B.0625, subdivisions 13 to ~~13g~~ 13h.

(c) Outpatient prescription drug coverage does not include drugs administered in a clinic or other outpatient setting.

(d) For the period beginning April 1, 2010, to June 30, 2010, general assistance medical care covers the services listed in subdivision 4.

EFFECTIVE DATE. This section is effective retroactively from April 1, 2010.

Sec. 38. Minnesota Statutes 2008, section 256D.03, subdivision 3b, is amended to read:

Subd. 3b. **Cooperation.** ~~(a) General assistance or general assistance medical care applicants and recipients must cooperate with the state and local agency to identify potentially liable third-party payors and assist the state in obtaining third-party payments. Cooperation includes identifying any third party who may be liable for care and services provided under this chapter to the applicant, recipient, or any other family member for whom application is made and providing relevant information to assist the state in pursuing a potentially liable third party. General assistance medical care applicants and recipients must cooperate by providing information about any group health plan in which they may be eligible to enroll. They must cooperate with the state and local agency in determining if the plan is cost-effective. For purposes of this subdivision, coverage provided by the Minnesota Comprehensive Health Association under chapter 62E shall not be considered group health plan coverage or cost-effective by the state and local agency. If the plan is determined cost-effective and the premium will be paid by the state or local agency or is available at no cost to the person, they must enroll or remain enrolled in the group health plan. Cost-effective insurance premiums approved for payment by the state agency and paid by the local agency are eligible for reimbursement according to subdivision 6.~~

~~(b) Effective for all premiums due on or after June 30, 1997, general assistance medical care does not cover premiums that a recipient is required to pay under a qualified or Medicare supplement plan~~

~~issued by the Minnesota Comprehensive Health Association. General assistance medical care shall continue to cover premiums for recipients who are covered under a plan issued by the Minnesota Comprehensive Health Association on June 30, 1997, for a period of six months following receipt of the notice of termination or until December 31, 1997, whichever is later.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 39. Minnesota Statutes 2008, section 256D.031, subdivision 5, as added by Laws 2010, chapter 200, article 1, section 12, subdivision 5, is amended to read:

Subd. 5. **Payment rates and contract modification; April 1, 2010, to ~~May 31~~ June 30, 2010.**

(a) For the period April 1, 2010, to ~~May 31~~ June 30, 2010, general assistance medical care shall be paid on a fee-for-service basis. Fee-for-service payment rates for services other than outpatient prescription drugs shall be set at 37 percent of the payment rate in effect on March 31, 2010, except that for the period June 1, 2010, to June 30, 2010, fee-for-service payment rates for services other than prescription drugs shall be set at 27 percent of the payment rate in effect on March 31, 2010.

(b) Outpatient prescription drugs covered under section 256D.03, subdivision 3, provided on or after April 1, 2010, to ~~May 31~~ June 30, 2010, shall be paid on a fee-for-service basis according to section 256B.0625, subdivisions 13 to 13g.

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

Sec. 40. Minnesota Statutes 2009 Supplement, section 256L.03, subdivision 5, is amended to read:

Subd. 5. **Co-payments and coinsurance.** (a) Except as provided in paragraphs (b) and (c), the MinnesotaCare benefit plan shall include the following co-payments and coinsurance requirements for all enrollees:

(1) ten percent of the paid charges for inpatient hospital services for adult enrollees, subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual;

(2) \$3 per prescription for adult enrollees;

(3) \$25 for eyeglasses for adult enrollees;

(4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist; and

(5) \$6 for nonemergency visits to a hospital-based emergency room for services provided through December 31, 2010, and \$3.50 effective January 1, 2011.

(b) Paragraph (a), clause (1), does not apply to parents and relative caretakers of children under the age of 21.

(c) Paragraph (a) does not apply to pregnant women and children under the age of 21.

(d) Paragraph (a), clause (4), does not apply to mental health services.

(e) Adult enrollees with family gross income that exceeds 200 percent of the federal poverty

guidelines or 215 percent of the federal poverty guidelines on or after July 1, 2009, and who are not pregnant shall be financially responsible for the coinsurance amount, if applicable, and amounts which exceed the \$10,000 inpatient hospital benefit limit.

(f) When a MinnesotaCare enrollee becomes a member of a prepaid health plan, or changes from one prepaid health plan to another during a calendar year, any charges submitted towards the \$10,000 annual inpatient benefit limit, and any out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

(g) MinnesotaCare reimbursements to fee-for-service providers and payments to managed care plans or county-based purchasing plans shall not be increased as a result of the reduction of the co-payments in paragraph (a), clause (5), effective January 1, 2011.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 41. Minnesota Statutes 2008, section 256L.11, subdivision 6, is amended to read:

Subd. 6. **Enrollees 18 or older.** Payment by the MinnesotaCare program for inpatient hospital services provided to MinnesotaCare enrollees eligible under section 256L.04, subdivision 7, or who qualify under section 256L.04, subdivisions 1 and 2, with family gross income that exceeds 175 percent of the federal poverty guidelines and who are not pregnant, who are 18 years old or older on the date of admission to the inpatient hospital must be in accordance with paragraphs (a) and (b). Payment for adults who are not pregnant and are eligible under section 256L.04, subdivisions 1 and 2, and whose incomes are equal to or less than 175 percent of the federal poverty guidelines, shall be as provided for under paragraph (c).

(a) If the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4, is less than or equal to the amount remaining in the enrollee's benefit limit under section 256L.03, subdivision 3, payment must be the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4. The hospital must not seek payment from the enrollee in addition to the co-payment. The MinnesotaCare payment plus the co-payment must be treated as payment in full.

(b) If the medical assistance rate minus any co-payment required under section 256L.03, subdivision 4, is greater than the amount remaining in the enrollee's benefit limit under section 256L.03, subdivision 3, payment must be the lesser of:

- (1) the amount remaining in the enrollee's benefit limit; or
- (2) charges submitted for the inpatient hospital services less any co-payment established under section 256L.03, subdivision 4.

The hospital may seek payment from the enrollee for the amount by which usual and customary charges exceed the payment under this paragraph. If payment is reduced under section 256L.03, subdivision 3, paragraph (b), the hospital may not seek payment from the enrollee for the amount of the reduction.

~~(c) For admissions occurring during the period of July 1, 1997, through June 30, 1998, for adults who are not pregnant and are eligible under section 256L.04, subdivisions 1 and 2, and whose incomes are equal to or less than 175 percent of the federal poverty guidelines, the commissioner~~

~~shall pay hospitals directly, up to the medical assistance payment rate, for inpatient hospital benefits in excess of the \$10,000 annual inpatient benefit limit. For admissions occurring on or after July 1, 2011, for single adults and households without children who are eligible under section 256L.04, subdivision 7, the commissioner shall pay hospitals directly, up to the medical assistance payment rate, for inpatient hospital benefits up to the \$10,000 annual inpatient benefit limit, minus any co-payment required under section 256L.03, subdivision 5.~~

Sec. 42. Minnesota Statutes 2008, section 256L.07, is amended by adding a subdivision to read:

Subd. 9. Firefighters; volunteer ambulance attendants. (a) For purposes of this subdivision, "qualified individual" means:

(1) a volunteer firefighter with a department as defined in section 299N.01, subdivision 2, who has passed the probationary period; and

(2) a volunteer ambulance attendant as defined in section 144E.001, subdivision 15.

(b) A qualified individual who documents to the satisfaction of the commissioner status as a qualified individual by completing and submitting a one-page form developed by the commissioner is eligible for MinnesotaCare without meeting other eligibility requirements of this chapter, but must pay premiums equal to the average expected capitation rate for adults with no children paid under section 256L.12. Individuals eligible under this subdivision shall receive coverage for the benefit set provided to adults with no children.

EFFECTIVE DATE. This section is effective April 1, 2011.

Sec. 43. Minnesota Statutes 2008, section 256L.12, subdivision 5, is amended to read:

Subd. 5. Eligibility for other state programs. MinnesotaCare enrollees who become eligible for medical assistance ~~or general assistance medical care~~ will remain in the same managed care plan if the managed care plan has a contract for that population. ~~Effective January 1, 1998,~~ MinnesotaCare enrollees who were formerly eligible for general assistance medical care pursuant to section 256D.03, subdivision 3, within six months of MinnesotaCare enrollment and were enrolled in a prepaid health plan pursuant to section 256D.03, subdivision 4, paragraph (c), must remain in the same managed care plan if the managed care plan has a contract for that population. Managed care plans must participate in the MinnesotaCare ~~and general assistance medical care programs~~ program under a contract with the Department of Human Services in service areas where they participate in the medical assistance program.

EFFECTIVE DATE. This section is effective retroactively from April 1, 2010.

Sec. 44. Minnesota Statutes 2008, section 256L.12, subdivision 9, is amended to read:

Subd. 9. Rate setting; performance withholds. (a) Rates will be prospective, per capita, where possible. The commissioner may allow health plans to arrange for inpatient hospital services on a risk or nonrisk basis. The commissioner shall consult with an independent actuary to determine appropriate rates.

(b) ~~For services rendered on or after January 1, 2003, to December 31, 2003, the commissioner shall withhold .5 percent of managed care plan payments under this section pending completion of performance targets. The withheld funds must be returned no sooner than July 1 and no later~~

~~than July 31 of the following year if performance targets in the contract are achieved. A managed care plan may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.~~

~~(e) For services rendered on or after January 1, 2004, the commissioner shall withhold five percent of managed care plan payments and county-based purchasing plan payments under this section pending completion of performance targets. Each performance target must be quantifiable, objective, measurable, and reasonably attainable, except in the case of a performance target based on a federal or state law or rule. Criteria for assessment of each performance target must be outlined in writing prior to the contract effective date. The managed care plan must demonstrate, to the commissioner's satisfaction, that the data submitted regarding attainment of the performance target is accurate. The commissioner shall periodically change the administrative measures used as performance targets in order to improve plan performance across a broader range of administrative services. The performance targets must include measurement of plan efforts to contain spending on health care services and administrative activities. The commissioner may adopt plan-specific performance targets that take into account factors affecting only one plan, such as characteristics of the plan's enrollee population. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if performance targets in the contract are achieved. A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this paragraph that is reasonably expected to be returned.~~

(c) For services rendered on or after January 1, 2011, the commissioner shall withhold an additional three percent of managed care plan or county-based purchasing plan payments under this section. The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year. The return of the withhold under this paragraph is not subject to the requirements of paragraph (b).

(d) Effective for services rendered on or after January 1, 2011, the commissioner shall include as part of the performance targets described in paragraph (b) a reduction in the plan's emergency room utilization rate for state health care program enrollees by a measurable rate of five percent from the plan's utilization rate for the previous calendar year.

The withheld funds must be returned no sooner than July 1 and no later than July 31 of the following calendar year if the managed care plan demonstrates to the satisfaction of the commissioner that a reduction in the utilization rate was achieved.

The withhold described in this paragraph shall continue for each consecutive contract period until the plan's emergency room utilization rate for state health care program enrollees is reduced by 25 percent of the plan's emergency room utilization rate for state health care program enrollees for calendar year 2009. Hospitals shall cooperate with the health plans in meeting this performance target and shall accept payment withholds that may be returned to the hospitals if the performance target is achieved. The commissioner shall structure the withhold so that the commissioner returns a portion of the withheld funds in amounts commensurate with achieved reductions in utilization less than the targeted amount. The withhold described in this paragraph does not apply to county-based purchasing plans.

(e) A managed care plan or a county-based purchasing plan under section 256B.692 may include as admitted assets under section 62D.044 any amount withheld under this section that is reasonably

expected to be returned.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 45. Minnesota Statutes 2008, section 256L.12, is amended by adding a subdivision to read:

Subd. 9c. Rate setting; increase effective October 1, 2010. For services rendered on or after October 1, 2010, the total payment made to managed care plans and county-based purchasing plans under MinnesotaCare for families with children shall be increased by 0.88 percent.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 46. Laws 2009, chapter 79, article 5, section 75, subdivision 1, is amended to read:

Subdivision 1. **Medical assistance coverage.** The commissioner of human services shall establish a demonstration project to provide additional medical assistance coverage for a maximum of 200 American Indian children in Minneapolis, St. Paul, and Duluth who are burdened by health disparities associated with the cumulative health impact of toxic environmental exposures. Under this demonstration project, the additional medical assistance coverage for this population must include, but is not limited to, home environmental assessments for triggers of asthma, and in-home asthma education on the proper medical management of asthma by a certified asthma educator or public health nurse with asthma management training, and must be limited to two visits per child. The home visit payment rates must be based on a rate commensurate with a first-time visit rate and follow-up visit rate. Coverage also includes the following durable medical equipment: high efficiency particulate air (HEPA) cleaners, HEPA vacuum cleaners, allergy bed and pillow encasements, high filtration filters for forced air gas furnaces, and dehumidifiers with medical tubing to connect the appliance to a floor drain, if the listed item is medically necessary useful to reduce asthma symptoms. Provision of these items of durable medical equipment must be preceded by a home environmental assessment for triggers of asthma and in-home asthma education on the proper medical management of asthma by a Certified Asthma Educator or public health nurse with asthma management training.

Sec. 47. Laws 2009, chapter 79, article 5, section 78, subdivision 5, is amended to read:

Subd. 5. Expiration. This section, with the exception of subdivision 4, expires ~~December 31, 2010~~ August 31, 2011. Subdivision 4 expires February 28, 2012.

Sec. 48. Laws 2010, chapter 200, article 1, section 16, is amended by adding an effective date to read:

EFFECTIVE DATE. This section is effective June 1, 2010.

Sec. 49. Laws 2010, chapter 200, article 1, section 21, is amended to read:

Sec. 21. **REPEALER.**

(a) Minnesota Statutes 2008, sections 256.742; 256.979, subdivision 8; and 256D.03, subdivision 9, are repealed effective April 1, 2010.

(b) Minnesota Statutes 2009 Supplement, section 256D.03, subdivision 4, is repealed effective ~~April~~ July 1, 2010.

Base Adjustment. The general fund base for health care administration is reduced by ~~\$182,000~~ \$36,000 in fiscal year 2012 and ~~\$182,000~~ \$36,000 in fiscal year 2013.

Sec. 52. Laws 2010, chapter 200, article 2, section 2, subdivision 8, is amended to read:

Subd. 8. Transfers

The commissioner must transfer \$29,538,000 in fiscal year 2010 and \$18,462,000 in fiscal year 2011 from the health care access fund to the general fund. This is a onetime transfer.

The commissioner must transfer \$4,800,000 from the consolidated chemical dependency treatment fund to the general fund by June 30, 2010.

Compulsive Gambling ~~Special Revenue~~ Administration. The lottery prize fund appropriation for compulsive gambling administration is reduced by \$6,000 for fiscal year 2010 and \$4,000 for fiscal year 2011 must be transferred from the lottery prize fund appropriation for compulsive gambling administration to the general fund by June 30 of each respective fiscal year. These are onetime reductions.

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

Sec. 53. PREPAID HEALTH PLAN RATES.

In negotiating the prepaid health plan contract rates for services rendered on or after January 1, 2011, the commissioner of human services shall take into consideration and the rates shall reflect the anticipated savings in the medical assistance program due to extending medical assistance coverage to services provided in licensed birth centers, the anticipated use of these services within the medical assistance population, and the reduced medical assistance costs associated with the use of birth centers for normal, low-risk deliveries.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 54. STATE PLAN AMENDMENT; FEDERAL APPROVAL.

The commissioner of human services shall submit a Medicaid state plan amendment to receive federal fund participation for adults without children whose income is equal to or less than 75 percent of federal poverty guidelines in accordance with the Patient Protection and Affordable Care Act, Public Law 111-148, or the Health Care and Education Reconciliation Act of 2010, Public Law 111-152. The effective date of the state plan amendment shall be June 1, 2010.

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

Sec. 55. **UPPER PAYMENT LIMIT REPORT.**

Each January 15, beginning in 2011, the commissioner of human services shall report the following information to the chairs of the house of representatives and senate finance committees and divisions with responsibility for human services appropriations:

(1) the estimated room within the Medicare hospital upper payment limit for the federal year beginning on October 1 of the year the report is made;

(2) the amount of a rate increase under Minnesota Statutes, section 256.969, subdivision 3a, paragraph (i), that would increase medical assistance hospital spending to the upper payment limit; and

(3) the amount of a surcharge increase under Minnesota Statutes, section 256.9657, subdivision 2, needed to generate the state share of the potential rate increase under clause (2).

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 56. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall edit Minnesota Statutes and Minnesota Rules to remove references to the general assistance medical care program and references to Minnesota Statutes, section 256D.03, subdivision 3, or Minnesota Statutes, chapter 256D, as it pertains to general assistance medical care and make other changes as may be necessary to remove references to the general assistance medical care program. The revisor may consult with the Department of Human Services when making editing decisions on the removal of these references.

Sec. 57. **REPEALER.**

(a) Minnesota Statutes 2008, section 256D.03, subdivisions 3, 3a, 5, 6, 7, and 8, are repealed July 1, 2010.

(b) Laws 2010, chapter 200, article 1, sections 12, subdivisions 1, 2, 3, and 5; 18; and 19, are repealed July 1, 2010.

(c) Laws 2010, chapter 200, article 1, section 12, subdivisions 4, 6, 7, 8, 9, and 10, are repealed the day following final enactment.

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

ARTICLE 17

CONTINUING CARE

Section 1. Minnesota Statutes 2008, section 144D.03, subdivision 2, is amended to read:

Subd. 2. **Registration information.** The establishment shall provide the following information to the commissioner in order to be registered:

(1) the business name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or

owners are not natural persons, identification of the type of business entity of the owner or owners, and the names and addresses of the officers and members of the governing body, or comparable persons for partnerships, limited liability corporations, or other types of business organizations of the owner or owners;

(3) the name and mailing address of the managing agent, whether through management agreement or lease agreement, of the establishment, if different from the owner or owners, and the name of the on-site manager, if any;

(4) verification that the establishment has entered into a housing with services contract, as required in section 144D.04, with each resident or resident's representative;

(5) verification that the establishment is complying with the requirements of section 325F.72, if applicable;

(6) the name and address of at least one natural person who shall be responsible for dealing with the commissioner on all matters provided for in sections 144D.01 to 144D.06, and on whom personal service of all notices and orders shall be made, and who shall be authorized to accept service on behalf of the owner or owners and the managing agent, if any; ~~and~~

(7) the signature of the authorized representative of the owner or owners or, if the owner or owners are not natural persons, signatures of at least two authorized representatives of each owner, one of which shall be an officer of the owner; and

(8) whether services are included in the base rate to be paid by the resident.

Personal service on the person identified under clause (6) by the owner or owners in the registration shall be considered service on the owner or owners, and it shall not be a defense to any action that personal service was not made on each individual or entity. The designation of one or more individuals under this subdivision shall not affect the legal responsibility of the owner or owners under sections 144D.01 to 144D.06.

Sec. 2. Minnesota Statutes 2008, section 144D.04, subdivision 2, is amended to read:

Subd. 2. **Contents of contract.** A housing with services contract, which need not be entitled as such to comply with this section, shall include at least the following elements in itself or through supporting documents or attachments:

(1) the name, street address, and mailing address of the establishment;

(2) the name and mailing address of the owner or owners of the establishment and, if the owner or owners is not a natural person, identification of the type of business entity of the owner or owners;

(3) the name and mailing address of the managing agent, through management agreement or lease agreement, of the establishment, if different from the owner or owners;

(4) the name and address of at least one natural person who is authorized to accept service of process on behalf of the owner or owners and managing agent;

(5) a statement describing the registration and licensure status of the establishment and any provider providing health-related or supportive services under an arrangement with the establishment;

- (6) the term of the contract;
- (7) a description of the services to be provided to the resident in the base rate to be paid by resident, including a delineation of the portion of the base rate that constitutes rent and a delineation of charges for each service included in the base rate;
- (8) a description of any additional services, including home care services, available for an additional fee from the establishment directly or through arrangements with the establishment, and a schedule of fees charged for these services;
- (9) a description of the process through which the contract may be modified, amended, or terminated;
- (10) a description of the establishment's complaint resolution process available to residents including the toll-free complaint line for the Office of Ombudsman for Long-Term Care;
- (11) the resident's designated representative, if any;
- (12) the establishment's referral procedures if the contract is terminated;
- (13) requirements of residency used by the establishment to determine who may reside or continue to reside in the housing with services establishment;
- (14) billing and payment procedures and requirements;
- (15) a statement regarding the ability of residents to receive services from service providers with whom the establishment does not have an arrangement;
- (16) a statement regarding the availability of public funds for payment for residence or services in the establishment; and
- (17) a statement regarding the availability of and contact information for long-term care consultation services under section 256B.0911 in the county in which the establishment is located.

Sec. 3. [144D.08] UNIFORM CONSUMER INFORMATION GUIDE.

All housing with services establishments shall make available to all prospective and current residents information consistent with the uniform format and the required components adopted by the commissioner under section 144G.06.

Sec. 4. [144D.09] TERMINATION OF LEASE.

The housing with services establishment shall include with notice of termination of lease information about how to contact the ombudsman for long-term care, including the address and phone number along with a statement of how to request problem-solving assistance.

Sec. 5. Minnesota Statutes 2008, section 144G.06, is amended to read:

144G.06 UNIFORM CONSUMER INFORMATION GUIDE.

(a) The commissioner of health shall establish an advisory committee consisting of representatives of consumers, providers, county and state officials, and other groups the commissioner considers appropriate. The advisory committee shall present recommendations to the commissioner on:

(1) a format for a guide to be used by individual providers of assisted living, as defined in section 144G.01, that includes information about services offered by that provider, which services may be covered by Medicare, service costs, and other relevant provider-specific information, as well as a statement of philosophy and values associated with assisted living, presented in uniform categories that facilitate comparison with guides issued by other providers; and

(2) requirements for informing assisted living clients, as defined in section 144G.01, of their applicable legal rights.

(b) The commissioner, after reviewing the recommendations of the advisory committee, shall adopt a uniform format for the guide to be used by individual providers, and the required components of materials to be used by providers to inform assisted living clients of their legal rights, and shall make the uniform format and the required components available to assisted living providers.

Sec. 6. Minnesota Statutes 2009 Supplement, section 252.27, subdivision 2a, is amended to read:

Subd. 2a. **Contribution amount.** (a) The natural or adoptive parents of a minor child, including a child determined eligible for medical assistance without consideration of parental income, must contribute to the cost of services used by making monthly payments on a sliding scale based on income, unless the child is married or has been married, parental rights have been terminated, or the child's adoption is subsidized according to section 259.67 or through title IV-E of the Social Security Act. The parental contribution is a partial or full payment for medical services provided for diagnostic, therapeutic, curing, treating, mitigating, rehabilitation, maintenance, and personal care services as defined in United States Code, title 26, section 213, needed by the child with a chronic illness or disability.

(b) For households with adjusted gross income equal to or greater than 100 percent of federal poverty guidelines, the parental contribution shall be computed by applying the following schedule of rates to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 100 percent of federal poverty guidelines and less than 175 percent of federal poverty guidelines, the parental contribution is \$4 per month;

(2) if the adjusted gross income is equal to or greater than 175 percent of federal poverty guidelines and less than or equal to 545 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at one percent of adjusted gross income at 175 percent of federal poverty guidelines and increases to 7.5 percent of adjusted gross income for those with adjusted gross income up to 545 percent of federal poverty guidelines;

(3) if the adjusted gross income is greater than 545 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be 7.5 percent of adjusted gross income;

(4) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 975 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at 7.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to ten percent of adjusted gross income for those with adjusted gross income up to 975

percent of federal poverty guidelines; and

(5) if the adjusted gross income is equal to or greater than 975 percent of federal poverty guidelines, the parental contribution shall be 12.5 percent of adjusted gross income.

If the child lives with the parent, the annual adjusted gross income is reduced by \$2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

(c) The household size to be used in determining the amount of contribution under paragraph (b) includes natural and adoptive parents and their dependents, including the child receiving services. Adjustments in the contribution amount due to annual changes in the federal poverty guidelines shall be implemented on the first day of July following publication of the changes.

(d) For purposes of paragraph (b), "income" means the adjusted gross income of the natural or adoptive parents determined according to the previous year's federal tax form, except, effective retroactive to July 1, 2003, taxable capital gains to the extent the funds have been used to purchase a home shall not be counted as income.

(e) The contribution shall be explained in writing to the parents at the time eligibility for services is being determined. The contribution shall be made on a monthly basis effective with the first month in which the child receives services. Annually upon redetermination or at termination of eligibility, if the contribution exceeded the cost of services provided, the local agency or the state shall reimburse that excess amount to the parents, either by direct reimbursement if the parent is no longer required to pay a contribution, or by a reduction in or waiver of parental fees until the excess amount is exhausted. All reimbursements must include a notice that the amount reimbursed may be taxable income if the parent paid for the parent's fees through an employer's health care flexible spending account under the Internal Revenue Code, section 125, and that the parent is responsible for paying the taxes owed on the amount reimbursed.

(f) The monthly contribution amount must be reviewed at least every 12 months; when there is a change in household size; and when there is a loss of or gain in income from one month to another in excess of ten percent. The local agency shall mail a written notice 30 days in advance of the effective date of a change in the contribution amount. A decrease in the contribution amount is effective in the month that the parent verifies a reduction in income or change in household size.

(g) Parents of a minor child who do not live with each other shall each pay the contribution required under paragraph (a). An amount equal to the annual court-ordered child support payment actually paid on behalf of the child receiving services shall be deducted from the adjusted gross income of the parent making the payment prior to calculating the parental contribution under paragraph (b).

(h) The contribution under paragraph (b) shall be increased by an additional five percent if the local agency determines that insurance coverage is available but not obtained for the child. For purposes of this section, "available" means the insurance is a benefit of employment for a family member at an annual cost of no more than five percent of the family's annual income. For purposes of this section, "insurance" means health and accident insurance coverage, enrollment

in a nonprofit health service plan, health maintenance organization, self-insured plan, or preferred provider organization.

Parents who have more than one child receiving services shall not be required to pay more than the amount for the child with the highest expenditures. There shall be no resource contribution from the parents. The parent shall not be required to pay a contribution in excess of the cost of the services provided to the child, not counting payments made to school districts for education-related services. Notice of an increase in fee payment must be given at least 30 days before the increased fee is due.

(i) The contribution under paragraph (b) shall be reduced by \$300 per fiscal year if, in the 12 months prior to July 1:

- (1) the parent applied for insurance for the child;
- (2) the insurer denied insurance;
- (3) the parents submitted a complaint or appeal, in writing to the insurer, submitted a complaint or appeal, in writing, to the commissioner of health or the commissioner of commerce, or litigated the complaint or appeal; and
- (4) as a result of the dispute, the insurer reversed its decision and granted insurance.

For purposes of this section, "insurance" has the meaning given in paragraph (h).

A parent who has requested a reduction in the contribution amount under this paragraph shall submit proof in the form and manner prescribed by the commissioner or county agency, including, but not limited to, the insurer's denial of insurance, the written letter or complaint of the parents, court documents, and the written response of the insurer approving insurance. The determinations of the commissioner or county agency under this paragraph are not rules subject to chapter 14.

(j) Notwithstanding paragraph (b), for the period from July 1, 2010, to June 30, 2013, the parental contribution shall be computed by applying the following contribution schedule to the adjusted gross income of the natural or adoptive parents:

(1) if the adjusted gross income is equal to or greater than 100 percent of federal poverty guidelines and less than 175 percent of federal poverty guidelines, the parental contribution is \$4 per month;

(2) if the adjusted gross income is equal to or greater than 175 percent of federal poverty guidelines and less than or equal to 525 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which begins at one percent of adjusted gross income at 175 percent of federal poverty guidelines and increases to eight percent of adjusted gross income for those with adjusted gross income up to 525 percent of federal poverty guidelines;

(3) if the adjusted gross income is greater than 525 percent of federal poverty guidelines and less than 675 percent of federal poverty guidelines, the parental contribution shall be 9.5 percent of adjusted gross income;

(4) if the adjusted gross income is equal to or greater than 675 percent of federal poverty guidelines and less than 900 percent of federal poverty guidelines, the parental contribution shall be determined using a sliding fee scale established by the commissioner of human services which

begins at 9.5 percent of adjusted gross income at 675 percent of federal poverty guidelines and increases to 12 percent of adjusted gross income for those with adjusted gross income up to 900 percent of federal poverty guidelines; and

(5) if the adjusted gross income is equal to or greater than 900 percent of federal poverty guidelines, the parental contribution shall be 13.5 percent of adjusted gross income. If the child lives with the parent, the annual adjusted gross income is reduced by \$2,400 prior to calculating the parental contribution. If the child resides in an institution specified in section 256B.35, the parent is responsible for the personal needs allowance specified under that section in addition to the parental contribution determined under this section. The parental contribution is reduced by any amount required to be paid directly to the child pursuant to a court order, but only if actually paid.

Sec. 7. [256.4825] REPORT REGARDING PROGRAMS AND SERVICES FOR PEOPLE WITH DISABILITIES.

The Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, and the Arc of Minnesota may submit an annual report by January 15 of each year, beginning in 2012, to the chairs and ranking minority members of the legislative committees with jurisdiction over programs serving people with disabilities as provided in this section. The report must describe the existing state policies and goals for programs serving people with disabilities including, but not limited to, programs for employment, transportation, housing, education, quality assurance, consumer direction, physical and programmatic access, and health. The report must provide data and measurements to assess the extent to which the policies and goals are being met. The commissioner of human services and the commissioners of other state agencies administering programs for people with disabilities shall cooperate with the Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, and the Arc of Minnesota and provide those organizations with existing published information and reports that will assist in the preparation of the report.

Sec. 8. Minnesota Statutes 2008, section 256.9657, subdivision 3a, is amended to read:

Subd. 3a. **ICF/MR license surcharge.** (a) Effective July 1, 2003, each non-state-operated facility as defined under section 256B.501, subdivision 1, shall pay to the commissioner an annual surcharge according to the schedule in subdivision 4, paragraph (d). The annual surcharge shall be \$1,040 per licensed bed. If the number of licensed beds is reduced, the surcharge shall be based on the number of remaining licensed beds the second month following the receipt of timely notice by the commissioner of human services that beds have been delicensed. The facility must notify the commissioner of health in writing when beds are delicensed. The commissioner of health must notify the commissioner of human services within ten working days after receiving written notification. If the notification is received by the commissioner of human services by the 15th of the month, the invoice for the second following month must be reduced to recognize the delicensing of beds. The commissioner may reduce, and may subsequently restore, the surcharge under this subdivision based on the commissioner's determination of a permissible surcharge.

(b) Effective July 1, 2010, the surcharge under paragraph (a) is increased to \$4,037 per licensed bed.

Sec. 9. Minnesota Statutes 2009 Supplement, section 256.975, subdivision 7, is amended to read:

Subd. 7. **Consumer information and assistance and long-term care options counseling;**

Senior LinkAge Line. (a) The Minnesota Board on Aging shall operate a statewide service to aid older Minnesotans and their families in making informed choices about long-term care options and health care benefits. Language services to persons with limited English language skills may be made available. The service, known as Senior LinkAge Line, must be available during business hours through a statewide toll-free number and must also be available through the Internet.

(b) The service must provide long-term care options counseling by assisting older adults, caregivers, and providers in accessing information and options counseling about choices in long-term care services that are purchased through private providers or available through public options. The service must:

(1) develop a comprehensive database that includes detailed listings in both consumer- and provider-oriented formats;

(2) make the database accessible on the Internet and through other telecommunication and media-related tools;

(3) link callers to interactive long-term care screening tools and make these tools available through the Internet by integrating the tools with the database;

(4) develop community education materials with a focus on planning for long-term care and evaluating independent living, housing, and service options;

(5) conduct an outreach campaign to assist older adults and their caregivers in finding information on the Internet and through other means of communication;

(6) implement a messaging system for overflow callers and respond to these callers by the next business day;

(7) link callers with county human services and other providers to receive more in-depth assistance and consultation related to long-term care options;

(8) link callers with quality profiles for nursing facilities and other providers developed by the commissioner of health;

(9) incorporate information about the availability of housing options, as well as registered housing with services and consumer rights within the MinnesotaHelp.info network long-term care database to facilitate consumer comparison of services and costs among housing with services establishments and with other in-home services and to support financial self-sufficiency as long as possible. Housing with services establishments and their arranged home care providers shall provide information to the commissioner of human services that is consistent with information required by the commissioner of health under section 144G.06, the Uniform Consumer Information Guide that will facilitate price comparisons, including delineation of charges for rent and for services available. The commissioners of health and human services shall align the data elements required by section 144G.06, the Uniform Consumer Information Guide, and this section to provide consumers standardized information and ease of comparison of long-term care options. The commissioner of human services shall provide the data to the Minnesota Board on Aging for inclusion in the MinnesotaHelp.info network long-term care database;

(10) provide long-term care options counseling. Long-term care options counselors shall:

(i) for individuals not eligible for case management under a public program or public funding source, provide interactive decision support under which consumers, family members, or other helpers are supported in their deliberations to determine appropriate long-term care choices in the context of the consumer's needs, preferences, values, and individual circumstances, including implementing a community support plan;

(ii) provide Web-based educational information and collateral written materials to familiarize consumers, family members, or other helpers with the long-term care basics, issues to be considered, and the range of options available in the community;

(iii) provide long-term care futures planning, which means providing assistance to individuals who anticipate having long-term care needs to develop a plan for the more distant future; and

(iv) provide expertise in benefits and financing options for long-term care, including Medicare, long-term care insurance, tax or employer-based incentives, reverse mortgages, private pay options, and ways to access low or no-cost services or benefits through volunteer-based or charitable programs; and

(11) using risk management and support planning protocols, provide long-term care options counseling to current residents of nursing homes deemed appropriate for discharge by the commissioner. In order to meet this requirement, the commissioner shall provide designated Senior LinkAge Line contact centers with a list of nursing home residents appropriate for discharge planning via a secure Web portal. Senior LinkAge Line shall provide these residents, if they indicate a preference to receive long-term care options counseling, with initial assessment, review of risk factors, independent living support consultation, or referral to:

(i) long-term care consultation services under section 256B.0911;

(ii) designated care coordinators of contracted entities under section 256B.035 for persons who are enrolled in a managed care plan; or

(iii) the long-term care consultation team for those who are appropriate for relocation service coordination due to high-risk factors or psychological or physical disability.

Sec. 10. Minnesota Statutes 2008, section 256B.057, subdivision 9, is amended to read:

Subd. 9. **Employed persons with disabilities.** (a) Medical assistance may be paid for a person who is employed and who:

(1) but for excess earnings or assets, meets the definition of disabled under the supplemental security income program;

(2) is at least 16 but less than 65 years of age;

(3) meets the asset limits in paragraph (c); and

(4) ~~effective November 1, 2003,~~ pays a premium and other obligations under paragraph (e).

Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

(b) After the month of enrollment, a person enrolled in medical assistance under this subdivision

who:

(1) is temporarily unable to work and without receipt of earned income due to a medical condition, as verified by a physician, may retain eligibility for up to four calendar months; or

(2) effective January 1, 2004, loses employment for reasons not attributable to the enrollee, may retain eligibility for up to four consecutive months after the month of job loss. To receive a four-month extension, enrollees must verify the medical condition or provide notification of job loss. All other eligibility requirements must be met and the enrollee must pay all calculated premium costs for continued eligibility.

(c) For purposes of determining eligibility under this subdivision, a person's assets must not exceed \$20,000, excluding:

(1) all assets excluded under section 256B.056;

(2) retirement accounts, including individual accounts, 401(k) plans, 403(b) plans, Keogh plans, and pension plans; and

(3) medical expense accounts set up through the person's employer.

(d)(1) Effective January 1, 2004, for purposes of eligibility, there will be a \$65 earned income disregard. To be eligible, a person applying for medical assistance under this subdivision must have earned income above the disregard level.

(2) Effective January 1, 2004, to be considered earned income, Medicare, Social Security, and applicable state and federal income taxes must be withheld. To be eligible, a person must document earned income tax withholding.

(e)(1) A person whose earned and unearned income is equal to or greater than 100 percent of federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance under this subdivision. The premium shall be based on the person's gross earned and unearned income and the applicable family size using a sliding fee scale established by the commissioner, which begins at one percent of income at 100 percent of the federal poverty guidelines and increases to 7.5 percent of income for those with incomes at or above 300 percent of the federal poverty guidelines. Annual adjustments in the premium schedule based upon changes in the federal poverty guidelines shall be effective for premiums due in July of each year.

(2) Effective January 1, 2004, all enrollees must pay a premium to be eligible for medical assistance under this subdivision. An enrollee shall pay the greater of a \$35 premium or the premium calculated in clause (1).

(3) Effective November 1, 2003, all enrollees who receive unearned income must pay one-half of one percent of unearned income in addition to the premium amount.

(4) Effective November 1, 2003, for enrollees whose income does not exceed 200 percent of the federal poverty guidelines and who are also enrolled in Medicare, the commissioner must reimburse the enrollee for Medicare Part B premiums under section 256B.0625, subdivision 15, paragraph (a).

(5) Increases in benefits under title II of the Social Security Act shall not be counted as income for purposes of this subdivision until July 1 of each year.

(f) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(g) Any required premium shall be determined at application and redetermined at the enrollee's six-month income review or when a change in income or household size is reported. Enrollees must report any change in income or household size within ten days of when the change occurs. A decreased premium resulting from a reported change in income or household size shall be effective the first day of the next available billing month after the change is reported. Except for changes occurring from annual cost-of-living increases, a change resulting in an increased premium shall not affect the premium amount until the next six-month review.

(h) Premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(i) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Good cause exists if the requirements specified in Minnesota Rules, part 9506.0040, subpart 7, items B to D, are met. Except when an installment agreement is accepted by the commissioner, all persons disenrolled for nonpayment of a premium must pay any past due premiums as well as current premiums due prior to being reenrolled. Nonpayment shall include payment with a returned, refused, or dishonored instrument. The commissioner may require a guaranteed form of payment as the only means to replace a returned, refused, or dishonored instrument.

(j) The commissioner shall notify enrollees annually beginning at least 24 months before the person's 65th birthday of the medical assistance eligibility rules affecting income, assets, and treatment of a spouse's income and assets that will be applied upon reaching age 65.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 11. Minnesota Statutes 2009 Supplement, section 256B.0659, subdivision 11, is amended to read:

Subd. 11. **Personal care assistant; requirements.** (a) A personal care assistant must meet the following requirements:

(1) be at least 18 years of age with the exception of persons who are 16 or 17 years of age with these additional requirements:

(i) supervision by a qualified professional every 60 days; and

(ii) employment by only one personal care assistance provider agency responsible for compliance with current labor laws;

(2) be employed by a personal care assistance provider agency;

(3) enroll with the department as a personal care assistant after clearing a background study. Before a personal care assistant provides services, the personal care assistance provider agency must initiate a background study on the personal care assistant under chapter 245C, and the personal care assistance provider agency must have received a notice from the commissioner that the personal care assistant is:

(i) not disqualified under section 245C.14; or

(ii) is disqualified, but the personal care assistant has received a set aside of the disqualification under section 245C.22;

(4) be able to effectively communicate with the recipient and personal care assistance provider agency;

(5) be able to provide covered personal care assistance services according to the recipient's personal care assistance care plan, respond appropriately to recipient needs, and report changes in the recipient's condition to the supervising qualified professional or physician;

(6) not be a consumer of personal care assistance services;

(7) maintain daily written records including, but not limited to, time sheets under subdivision 12;

(8) effective January 1, 2010, complete standardized training as determined by the commissioner before completing enrollment. Personal care assistant training must include successful completion of the following training components: basic first aid, vulnerable adult, child maltreatment, OSHA universal precautions, basic roles and responsibilities of personal care assistants including information about assistance with lifting and transfers for recipients, emergency preparedness, orientation to positive behavioral practices, fraud issues, and completion of time sheets. Upon completion of the training components, the personal care assistant must demonstrate the competency to provide assistance to recipients;

(9) complete training and orientation on the needs of the recipient within the first seven days after the services begin; and

(10) be limited to providing and being paid for up to ~~340~~ 275 hours per month of personal care assistance services regardless of the number of recipients being served or the number of personal care assistance provider agencies enrolled with.

(b) A legal guardian may be a personal care assistant if the guardian is not being paid for the guardian services and meets the criteria for personal care assistants in paragraph (a).

(c) Effective January 1, 2010, persons who do not qualify as a personal care assistant include parents and stepparents of minors, spouses, paid legal guardians, family foster care providers, except as otherwise allowed in section 256B.0625, subdivision 19a, or staff of a residential setting.

EFFECTIVE DATE. This section is effective July 1, 2011.

Sec. 12. Minnesota Statutes 2008, section 256B.0915, is amended by adding a subdivision to read:

Subd. 3i. Rate reduction for customized living and 24-hour customized living services. (a) Effective July 1, 2010, the commissioner shall reduce service component rates and service rate limits for customized living services and 24-hour customized living services, from the rates in effect on June 30, 2010, by five percent.

(b) To implement the rate reductions in this subdivision, capitation rates paid by the commissioner to managed care organizations under section 256B.69 shall reflect a ten percent reduction for the specified services for the period January 1, 2011, to June 30, 2011, and a five percent reduction for those services on and after July 1, 2011.

Sec. 13. Minnesota Statutes 2009 Supplement, section 256B.441, subdivision 55, is amended to read:

Subd. 55. **Phase-in of rebased operating payment rates.** (a) For the rate years beginning October 1, 2008, to October 1, 2015, the operating payment rate calculated under this section shall be phased in by blending the operating rate with the operating payment rate determined under section 256B.434. For purposes of this subdivision, the rate to be used that is determined under section 256B.434 shall not include the portion of the operating payment rate related to performance-based incentive payments under section 256B.434, subdivision 4, paragraph (d). For the rate year beginning October 1, 2008, the operating payment rate for each facility shall be 13 percent of the operating payment rate from this section, and 87 percent of the operating payment rate from section 256B.434. ~~For the rate year beginning October 1, 2009, the operating payment rate for each facility shall be 14 percent of the operating payment rate from this section, and 86 percent of the operating payment rate from section 256B.434. For rate years beginning October 1, 2010; October 1, 2011; and October 1, 2012,~~ For the rate period from October 1, 2009, to September 30, 2013, no rate adjustments shall be implemented under this section, but shall be determined under section 256B.434. For the rate year beginning October 1, 2013, the operating payment rate for each facility shall be 65 percent of the operating payment rate from this section, and 35 percent of the operating payment rate from section 256B.434. For the rate year beginning October 1, 2014, the operating payment rate for each facility shall be 82 percent of the operating payment rate from this section, and 18 percent of the operating payment rate from section 256B.434. For the rate year beginning October 1, 2015, the operating payment rate for each facility shall be the operating payment rate determined under this section. The blending of operating payment rates under this section shall be performed separately for each RUG's class.

(b) For the rate year beginning October 1, 2008, the commissioner shall apply limits to the operating payment rate increases under paragraph (a) by creating a minimum percentage increase and a maximum percentage increase.

(1) Each nursing facility that receives a blended October 1, 2008, operating payment rate increase under paragraph (a) of less than one percent, when compared to its operating payment rate on September 30, 2008, computed using rates with RUG's weight of 1.00, shall receive a rate adjustment of one percent.

(2) The commissioner shall determine a maximum percentage increase that will result in savings equal to the cost of allowing the minimum increase in clause (1). Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the maximum percentage increase.

(3) Nursing facilities with a blended October 1, 2008, operating payment rate increase under paragraph (a) greater than one percent and less than the maximum percentage increase determined by the commissioner, when compared to its operating payment rate on September 30, 2008, computed using rates with a RUG's weight of 1.00, shall receive the blended October 1, 2008, operating payment rate increase determined under paragraph (a).

(4) The October 1, 2009, through October 1, 2015, operating payment rate for facilities receiving the maximum percentage increase determined in clause (2) shall be the amount determined under

paragraph (a) less the difference between the amount determined under paragraph (a) for October 1, 2008, and the amount allowed under clause (2). This rate restriction does not apply to rate increases provided in any other section.

(c) A portion of the funds received under this subdivision that are in excess of operating payment rates that a facility would have received under section 256B.434, as determined in accordance with clauses (1) to (3), shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h).

(1) Determine the amount of additional funding available to a facility, which shall be equal to total medical assistance resident days from the most recent reporting year times the difference between the blended rate determined in paragraph (a) for the rate year being computed and the blended rate for the prior year.

(2) Determine the portion of all operating costs, for the most recent reporting year, that are compensation related. If this value exceeds 75 percent, use 75 percent.

(3) Subtract the amount determined in clause (2) from 75 percent.

(4) The portion of the fund received under this subdivision that shall be subject to the requirements in section 256B.434, subdivision 19, paragraphs (b) to (h), shall equal the amount determined in clause (1) times the amount determined in clause (3).

EFFECTIVE DATE. This section is effective retroactive to October 1, 2009.

Sec. 14. Minnesota Statutes 2008, section 256B.5012, is amended by adding a subdivision to read:

Subd. 9. **Rate increase effective June 1, 2010.** For rate periods beginning on or after June 1, 2010, the commissioner shall increase the total operating payment rate for each facility reimbursed under this section by \$8.74 per day. The increase shall not be subject to any annual percentage increase.

EFFECTIVE DATE. This section is effective June 1, 2010.

Sec. 15. Minnesota Statutes 2009 Supplement, section 256B.69, subdivision 23, is amended to read:

Subd. 23. **Alternative services; elderly and disabled persons.** (a) The commissioner may implement demonstration projects to create alternative integrated delivery systems for acute and long-term care services to elderly persons and persons with disabilities as defined in section 256B.77, subdivision 7a, that provide increased coordination, improve access to quality services, and mitigate future cost increases. The commissioner may seek federal authority to combine Medicare and Medicaid capitation payments for the purpose of such demonstrations and may contract with Medicare-approved special needs plans to provide Medicaid services. Medicare funds and services shall be administered according to the terms and conditions of the federal contract and demonstration provisions. For the purpose of administering medical assistance funds, demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and C, which do not apply to persons enrolling in demonstrations under this section. An initial open enrollment period may

be provided. Persons who disenroll from demonstrations under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464. When a person is enrolled in a health plan under these demonstrations and the health plan's participation is subsequently terminated for any reason, the person shall be provided an opportunity to select a new health plan and shall have the right to change health plans within the first 60 days of enrollment in the second health plan. Persons required to participate in health plans under this section who fail to make a choice of health plan shall not be randomly assigned to health plans under these demonstrations. Notwithstanding section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A, if adopted, for the purpose of demonstrations under this subdivision, the commissioner may contract with managed care organizations, including counties, to serve only elderly persons eligible for medical assistance, elderly and disabled persons, or disabled persons only. For persons with a primary diagnosis of developmental disability, serious and persistent mental illness, or serious emotional disturbance, the commissioner must ensure that the county authority has approved the demonstration and contracting design. Enrollment in these projects for persons with disabilities shall be voluntary. The commissioner shall not implement any demonstration project under this subdivision for persons with a primary diagnosis of developmental disabilities, serious and persistent mental illness, or serious emotional disturbance, without approval of the county board of the county in which the demonstration is being implemented.

(b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement under this section projects for persons with developmental disabilities. The commissioner may capitate payments for ICF/MR services, waived services for developmental disabilities, including case management services, day training and habilitation and alternative active treatment services, and other services as approved by the state and by the federal government. Case management and active treatment must be individualized and developed in accordance with a person-centered plan. Costs under these projects may not exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003, and until four years after the pilot project implementation date, subcontractor participation in the long-term care developmental disability pilot is limited to a nonprofit long-term care system providing ICF/MR services, home and community-based waiver services, and in-home services to no more than 120 consumers with developmental disabilities in Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature prior to expansion of the developmental disability pilot project. This paragraph expires four years after the implementation date of the pilot project.

(c) Before implementation of a demonstration project for disabled persons, the commissioner must provide information to appropriate committees of the house of representatives and senate and must involve representatives of affected disability groups in the design of the demonstration projects.

(d) A nursing facility reimbursed under the alternative reimbursement methodology in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity provide services under paragraph (a). The commissioner shall amend the state plan and seek any federal waivers necessary to implement this paragraph.

(e) The commissioner, in consultation with the commissioners of commerce and health, may approve and implement programs for all-inclusive care for the elderly (PACE) according to federal laws and regulations governing that program and state laws or rules applicable to participating

providers. ~~The process for approval of these programs shall begin only after the commissioner receives grant money in an amount sufficient to cover the state share of the administrative and actuarial costs to implement the programs during state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an account in the special revenue fund and are appropriated to the commissioner to be used solely for the purpose of PACE administrative and actuarial costs.~~ A PACE provider is not required to be licensed or certified as a health plan company as defined in section 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county and found to be eligible for services under the elderly waiver or community alternatives for disabled individuals or who are already eligible for Medicaid but meet level of care criteria for receipt of waiver services may choose to enroll in the PACE program. Medicare and Medicaid services will be provided according to this subdivision and federal Medicare and Medicaid requirements governing PACE providers and programs. PACE enrollees will receive Medicaid home and community-based services through the PACE provider as an alternative to services for which they would otherwise be eligible through home and community-based waiver programs and Medicaid State Plan Services. The commissioner shall establish Medicaid rates for PACE providers that do not exceed costs that would have been incurred under fee-for-service or other relevant managed care programs operated by the state.

(f) The commissioner shall seek federal approval to expand the Minnesota disability health options (MnDHO) program established under this subdivision in stages, first to regional population centers outside the seven-county metro area and then to all areas of the state. Until July 1, 2009, expansion for MnDHO projects that include home and community-based services is limited to the two projects and service areas in effect on March 1, 2006. Enrollment in integrated MnDHO programs that include home and community-based services shall remain voluntary. Costs for home and community-based services included under MnDHO must not exceed costs that would have been incurred under the fee-for-service program. Notwithstanding whether expansion occurs under this paragraph, in determining MnDHO payment rates and risk adjustment methods ~~for contract years starting in 2012,~~ the commissioner must consider the methods used to determine county allocations for home and community-based program participants. If necessary to reduce MnDHO rates to comply with the provision regarding MnDHO costs for home and community-based services, the commissioner shall achieve the reduction by maintaining the base rate for contract ~~years year 2010 and 2011~~ for services provided under the community alternatives for disabled individuals waiver at the same level as for contract year 2009. The commissioner may apply other reductions to MnDHO rates to implement decreases in provider payment rates required by state law. Effective January 1, 2011, enrollment and operation of the MnDHO program in effect during 2010 shall cease. The commissioner may reopen the program provided all applicable conditions of this section are met. In developing program specifications for expansion of integrated programs, the commissioner shall involve and consult the state-level stakeholder group established in subdivision 28, paragraph (d), including consultation on whether and how to include home and community-based waiver programs. Plans for further expansion of to reopen MnDHO projects shall be presented to the chairs of the house of representatives and senate committees with jurisdiction over health and human services policy and finance by February 1, 2007 prior to implementation.

(g) Notwithstanding section 256B.0261, health plans providing services under this section are responsible for home care targeted case management and relocation targeted case management. Services must be provided according to the terms of the waivers and contracts approved by the federal government.

Sec. 16. Laws 2009, chapter 79, article 8, section 51, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January~~ July 1, 2011.

Sec. 17. Laws 2009, chapter 79, article 8, section 84, is amended to read:

Sec. 84. **HOUSING OPTIONS.**

The commissioner of human services, in consultation with the commissioner of administration and the Minnesota Housing Finance Agency, and representatives of counties, residents' advocacy groups, consumers of housing services, and provider agencies shall explore ways to maximize the availability and affordability of housing choices available to persons with disabilities or who need care assistance due to other health challenges. A goal shall also be to minimize state physical plant costs in order to serve more persons with appropriate program and care support. Consideration shall be given to:

- (1) improved access to rent subsidies;
- (2) use of cooperatives, land trusts, and other limited equity ownership models;
- (3) whether a public equity housing fund should be established that would maintain the state's interest, to the extent paid from state funds, including group residential housing and Minnesota supplemental aid shelter-needy funds in provider-owned housing, so that when sold, the state would recover its share for a public equity fund to be used for future public needs under this chapter;
- (4) the desirability of the state acquiring an ownership interest or promoting the use of publicly owned housing;
- (5) promoting more choices in the market for accessible housing that meets the needs of persons with physical challenges; ~~and~~
- (6) what consumer ownership models, if any, are appropriate; and
- (7) a review of the definition of home and community services and appropriate settings where these services may be provided, including the number of people who may reside under one roof, through the home and community-based waivers for seniors and individuals with disabilities.

The commissioner shall provide a written report on the findings of the evaluation of housing options to the chairs and ranking minority members of the house of representatives and senate standing committees with jurisdiction over health and human services policy and funding by December 15, 2010. This report shall replace the November 1, 2010, annual report by the commissioner required in Minnesota Statutes, sections 256B.0916, subdivision 7, and 256B.49, subdivision 21.

Sec. 18. **COMMISSIONER TO SEEK FEDERAL MATCH.**

(a) The commissioner of human services shall seek federal financial participation for eligible activity related to fiscal years 2010 and 2011 grants to Advocating Change Together to establish a statewide self-advocacy network for persons with developmental disabilities and for eligible activities under any future grants to the organization.

(b) The commissioner shall report to the chairs and ranking minority members of the senate

Health and Human Services Budget Division and the house of representatives Health Care and Human Services Finance Division by December 15, 2010, with the results of the application for federal matching funds.

Sec. 19. **ICF/MR RATE INCREASE.**

The daily rate at an intermediate care facility for the developmentally disabled located in Clearwater County and classified as a Class A facility with 15 beds shall be increased from \$112.73 to \$138.23 for the rate period July 1, 2010, to June 30, 2011.

ARTICLE 18

CHILDREN AND FAMILY SERVICES

Section 1. Minnesota Statutes 2008, section 256D.0515, is amended to read:

256D.0515 ASSET LIMITATIONS FOR FOOD STAMP HOUSEHOLDS.

All food stamp households must be determined eligible for the benefit discussed under section 256.029. Food stamp households must demonstrate that:

~~(1) their gross income meets the federal Food Stamp requirements under United States Code, title 7, section 2014(e); and~~

~~(2) they have financial resources, excluding vehicles, of less than \$7,000 is equal to or less than 165 percent of the federal poverty guidelines for the same family size.~~

EFFECTIVE DATE. This section is effective November 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 256I.05, is amended by adding a subdivision to read:

Subd. 1n. **Supplemental rate; Mahnomen County.** Notwithstanding the provisions of this section, for the rate period July 1, 2010, to June 30, 2011, a county agency shall negotiate a supplemental service rate in addition to the rate specified in subdivision 1, not to exceed \$753 per month or the existing rate, including any legislative authorized inflationary adjustments, for a group residential provider located in Mahnomen County that operates a 28-bed facility providing 24-hour care to individuals who are homeless, disabled, chemically dependent, mentally ill, or chronically homeless.

Sec. 3. Minnesota Statutes 2008, section 256J.24, subdivision 6, is amended to read:

Subd. 6. **Family cap.** (a) MFIP assistance units shall not receive an increase in the cash portion of the transitional standard as a result of the birth of a child, unless one of the conditions under paragraph (b) is met. The child shall be considered a member of the assistance unit according to subdivisions 1 to 3, but shall be excluded in determining family size for purposes of determining the amount of the cash portion of the transitional standard under subdivision 5. The child shall be included in determining family size for purposes of determining the food portion of the transitional standard. The transitional standard under this subdivision shall be the total of the cash and food portions as specified in this paragraph. The family wage level under this subdivision shall be based on the family size used to determine the food portion of the transitional standard.

(b) A child shall be included in determining family size for purposes of determining the amount

of the cash portion of the MFIP transitional standard when at least one of the following conditions is met:

(1) for families receiving MFIP assistance on July 1, 2003, the child is born to the adult parent before May 1, 2004;

(2) for families who apply for the diversionary work program under section 256J.95 or MFIP assistance on or after July 1, 2003, the child is born to the adult parent within ten months of the date the family is eligible for assistance;

(3) the child was conceived as a result of a sexual assault or incest, provided that the incident has been reported to a law enforcement agency;

(4) the child's mother is a minor caregiver as defined in section 256J.08, subdivision 59, and the child, or multiple children, are the mother's first birth; ~~or~~

(5) the child is the mother's first child subsequent to a pregnancy that did not result in a live birth; or

(6) any child previously excluded in determining family size under paragraph (a) shall be included if the adult parent or parents have not received benefits from the diversionary work program under section 256J.95 or MFIP assistance in the previous ten months. An adult parent or parents who reapply and have received benefits from the diversionary work program or MFIP assistance in the past ten months shall be under the ten-month grace period of their previous application under clause (2).

(c) Income and resources of a child excluded under this subdivision, except child support received or distributed on behalf of this child, must be considered using the same policies as for other children when determining the grant amount of the assistance unit.

(d) The caregiver must assign support and cooperate with the child support enforcement agency to establish paternity and collect child support on behalf of the excluded child. Failure to cooperate results in the sanction specified in section 256J.46, subdivisions 2 and 2a. Current support paid on behalf of the excluded child shall be distributed according to section 256.741, subdivision 15.

(e) County agencies must inform applicants of the provisions under this subdivision at the time of each application and at recertification.

(f) Children excluded under this provision shall be deemed MFIP recipients for purposes of child care under chapter 119B.

EFFECTIVE DATE. This section is effective September 1, 2010.

Sec. 4. Minnesota Statutes 2009 Supplement, section 256J.425, subdivision 3, is amended to read:

Subd. 3. **Hard-to-employ participants.** (a) An assistance unit subject to the time limit in section 256J.42, subdivision 1, is eligible to receive months of assistance under a hardship extension if the participant who reached the time limit belongs to any of the following groups:

(1) a person who is diagnosed by a licensed physician, psychological practitioner, or other qualified professional, as developmentally disabled or mentally ill, and the condition severely

limits the person's ability to obtain or maintain suitable employment;

(2) a person who:

(i) has been assessed by a vocational specialist or the county agency to be unemployable for purposes of this subdivision; or

(ii) has an IQ below 80 who has been assessed by a vocational specialist or a county agency to be employable, but the condition severely limits the person's ability to obtain or maintain suitable employment. The determination of IQ level must be made by a qualified professional. In the case of a non-English-speaking person: (A) the determination must be made by a qualified professional with experience conducting culturally appropriate assessments, whenever possible; (B) the county may accept reports that identify an IQ range as opposed to a specific score; (C) these reports must include a statement of confidence in the results;

(3) a person who is determined by a qualified professional to be learning disabled, and the condition severely limits the person's ability to obtain or maintain suitable employment. For purposes of the initial approval of a learning disability extension, the determination must have been made or confirmed within the previous 12 months. In the case of a non-English-speaking person: (i) the determination must be made by a qualified professional with experience conducting culturally appropriate assessments, whenever possible; and (ii) these reports must include a statement of confidence in the results. If a rehabilitation plan for a participant extended as learning disabled is developed or approved by the county agency, the plan must be incorporated into the employment plan. However, a rehabilitation plan does not replace the requirement to develop and comply with an employment plan under section 256J.521; or

(4) a person who has been granted a family violence waiver, and who is complying with an employment plan under section 256J.521, subdivision 3.

(b) For purposes of this ~~section~~ chapter, "severely limits the person's ability to obtain or maintain suitable employment" means:

(1) that a qualified professional has determined that the person's condition prevents the person from working 20 or more hours per week; or

(2) for a person who meets the requirements of paragraph (a), clause (2), item (ii), or clause (3), a qualified professional has determined the person's condition:

(i) significantly restricts the range of employment that the person is able to perform; or

(ii) significantly interferes with the person's ability to obtain or maintain suitable employment for 20 or more hours per week.

Sec. 5. Minnesota Statutes 2009 Supplement, section 256J.621, is amended to read:

256J.621 WORK PARTICIPATION CASH BENEFITS.

(a) Upon exiting the diversionary work program (DWP) or upon terminating the Minnesota family investment program with earnings, a participant who is employed may be eligible for work participation cash benefits of \$50 \$25 per month to assist in meeting the family's basic needs as the participant continues to move toward self-sufficiency.

(b) To be eligible for work participation cash benefits, the participant shall not receive MFIP or diversionary work program assistance during the month and the participant or participants must meet the following work requirements:

(1) if the participant is a single caregiver and has a child under six years of age, the participant must be employed at least 87 hours per month;

(2) if the participant is a single caregiver and does not have a child under six years of age, the participant must be employed at least 130 hours per month; or

(3) if the household is a two-parent family, at least one of the parents must be employed an average of at least 130 hours per month.

Whenever a participant exits the diversionary work program or is terminated from MFIP and meets the other criteria in this section, work participation cash benefits are available for up to 24 consecutive months.

(c) Expenditures on the program are maintenance of effort state funds under a separate state program for participants under paragraph (b), clauses (1) and (2). Expenditures for participants under paragraph (b), clause (3), are nonmaintenance of effort funds. Months in which a participant receives work participation cash benefits under this section do not count toward the participant's MFIP 60-month time limit.

EFFECTIVE DATE. This section is effective December 1, 2010.

ARTICLE 19

MISCELLANEOUS

Section 1. **[62Q.545] COVERAGE OF PRIVATE DUTY NURSING SERVICES.**

(a) Private duty nursing services, as provided under section 256B.0625, subdivision 7, with the exception of section 256B.0654, subdivision 4, shall be covered under a health plan for persons who are concurrently covered by both the health plan and enrolled in medical assistance under chapter 256B.

(b) For purposes of this section, a period of private duty nursing services may be subject to the co-payment, coinsurance, deductible, or other enrollee cost-sharing requirements that apply under the health plan. Cost-sharing requirements for private duty nursing services must not place a greater financial burden on the insured or enrollee than those requirements applied by the health plan to other similar services or benefits. Nothing in this section is intended to prevent a health plan company from requiring prior authorization by the health plan company for such services as required by section 256B.0625, subdivision 7, or use of contracted providers under the applicable provisions of the health plan.

EFFECTIVE DATE. This section is effective July 1, 2010, and applies to health plans offered, sold, issued, or renewed on or after that date.

Sec. 2. **[137.32] MINNESOTA COUPLES ON THE BRINK PROJECT.**

Subdivision 1. **Establishment.** Within the limits of available appropriations, the Board of Regents of the University of Minnesota is requested to develop and implement a Minnesota couples

on the brink project, as provided for in this section. The regents may administer the project with federal grants, state appropriations, and in-kind services received for this purpose.

Subd. 2. **Purpose.** The purpose of the project is to develop, evaluate, and disseminate best practices for promoting successful reconciliation between married persons who are considering or have commenced a marriage dissolution proceeding and who choose to pursue reconciliation.

Subd. 3. **Implementation.** The regents shall:

- (1) enter into contracts or manage a grant process for implementation of the project; and
- (2) develop and implement an evaluation component for the project.

Sec. 3. Minnesota Statutes 2008, section 152.126, as amended by Laws 2009, chapter 79, article 11, sections 9, 10, and 11, is amended to read:

152.126 ~~SCHEDULE II AND III~~ CONTROLLED SUBSTANCES PRESCRIPTION ELECTRONIC REPORTING SYSTEM.

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

- (a) "Board" means the Minnesota State Board of Pharmacy established under chapter 151.
- (b) "Controlled substances" means those substances listed in section 152.02, subdivisions 3 to 5, and those substances defined by the board pursuant to section 152.02, subdivisions 7, 8, and 12.
- (c) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision 30. Dispensing does not include the direct administering of a controlled substance to a patient by a licensed health care professional.
- (d) "Dispenser" means a person authorized by law to dispense a controlled substance, pursuant to a valid prescription. For the purposes of this section, a dispenser does not include a licensed hospital pharmacy that distributes controlled substances for inpatient hospital care or a veterinarian who is dispensing prescriptions under section 156.18.
- (e) "Prescriber" means a licensed health care professional who is authorized to prescribe a controlled substance under section 152.12, subdivision 1.
- (f) "Prescription" has the meaning given in section 151.01, subdivision 16.

Subd. 1a. **Treatment of intractable pain.** This section is not intended to limit or interfere with the legitimate prescribing of controlled substances for pain. No prescriber shall be subject to disciplinary action by a health-related licensing board for prescribing a controlled substance according to the provisions of section 152.125.

Subd. 2. **Prescription electronic reporting system.** (a) The board shall establish by January 1, 2010, an electronic system for reporting the information required under subdivision 4 for all controlled substances dispensed within the state.

(b) The board may contract with a vendor for the purpose of obtaining technical assistance in the design, implementation, operation, and maintenance of the electronic reporting system.

Subd. 3. **Prescription Electronic Reporting Advisory Committee.** (a) The board shall convene an advisory committee. The committee must include at least one representative of:

- (1) the Department of Health;
- (2) the Department of Human Services;
- (3) each health-related licensing board that licenses prescribers;
- (4) a professional medical association, which may include an association of pain management and chemical dependency specialists;
- (5) a professional pharmacy association;
- (6) a professional nursing association;
- (7) a professional dental association;
- (8) a consumer privacy or security advocate; and
- (9) a consumer or patient rights organization.

(b) The advisory committee shall advise the board on the development and operation of the electronic reporting system, including, but not limited to:

- (1) technical standards for electronic prescription drug reporting;
- (2) proper analysis and interpretation of prescription monitoring data; and
- (3) an evaluation process for the program.

~~(c) The Board of Pharmacy, after consultation with the advisory committee, shall present recommendations and draft legislation on the issues addressed by the advisory committee under paragraph (b), to the legislature by December 15, 2007.~~

Subd. 4. **Reporting requirements; notice.** (a) Each dispenser must submit the following data to the board or its designated vendor, subject to the notice required under paragraph (d):

- (1) name of the prescriber;
- (2) national provider identifier of the prescriber;
- (3) name of the dispenser;
- (4) national provider identifier of the dispenser;
- (5) prescription number;
- (6) name of the patient for whom the prescription was written;
- (7) address of the patient for whom the prescription was written;
- (8) date of birth of the patient for whom the prescription was written;
- (9) date the prescription was written;

- (10) date the prescription was filled;
- (11) name and strength of the controlled substance;
- (12) quantity of controlled substance prescribed;
- (13) quantity of controlled substance dispensed; and
- (14) number of days supply.

(b) The dispenser must submit the required information by a procedure and in a format established by the board. The board may allow dispensers to omit data listed in this subdivision or may require the submission of data not listed in this subdivision provided the omission or submission is necessary for the purpose of complying with the electronic reporting or data transmission standards of the American Society for Automation in Pharmacy, the National Council on Prescription Drug Programs, or other relevant national standard-setting body.

(c) A dispenser is not required to submit this data for those controlled substance prescriptions dispensed for:

- (1) individuals residing in licensed skilled nursing or intermediate care facilities;
- (2) individuals receiving assisted living services under chapter 144G or through a medical assistance home and community-based waiver;
- (3) individuals receiving medication intravenously;
- (4) individuals receiving hospice and other palliative or end-of-life care; and
- (5) individuals receiving services from a home care provider regulated under chapter 144A.

(d) A dispenser must not submit data under this subdivision unless a conspicuous notice of the reporting requirements of this section is given to the patient for whom the prescription was written.

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

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

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

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

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

action against a prescriber.

(d) Data reported under subdivision 4 shall be retained by the board in the database for a 12-month period, and shall be removed from the database no later than 12 months from the date the last day of the month during which the data was received.

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

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

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

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

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

(4) personnel of the board specifically assigned to conduct a bona fide investigation of a specific licensee;

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

(6) authorized personnel of a vendor under contract with the board who are engaged in the design, implementation, operation, and maintenance of the electronic reporting system as part of the assigned duties and responsibilities of their employment, provided that access to data is limited to the minimum amount necessary to carry out such duties and responsibilities;

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

(8) personnel of the medical assistance program assigned to use the data collected under this section to identify recipients whose usage of controlled substances may warrant restriction to a single primary care physician, a single outpatient pharmacy, or a single hospital.

For purposes of clause (3), access by an individual includes persons in the definition of an individual under section 13.02.

(c) Any permissible user identified in paragraph (b), who directly accesses the data electronically, shall implement and maintain a comprehensive information security program that contains administrative, technical, and physical safeguards that are appropriate to the user's size and complexity, and the sensitivity of the personal information obtained. The permissible user shall identify reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of personal information that could result in the unauthorized disclosure, misuse, or other compromise of the information and assess the sufficiency of any safeguards in place to control the risks.

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

(e) The board shall not release the name of a prescriber without the written consent of the prescriber or a valid search warrant or court order. The board shall provide a mechanism for a prescriber to submit to the board a signed consent authorizing the release of the prescriber's name when data containing the prescriber's name is requested.

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

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

Subd. 7. Disciplinary action. (a) A dispenser who knowingly fails to submit data to the board as required under this section is subject to disciplinary action by the appropriate health-related licensing board.

(b) A prescriber or dispenser authorized to access the data who knowingly discloses the data in violation of state or federal laws relating to the privacy of health care data shall be subject to disciplinary action by the appropriate health-related licensing board, and appropriate civil penalties.

Subd. 8. Evaluation and reporting. (a) The board shall evaluate the prescription electronic reporting system to determine if the system is negatively impacting appropriate prescribing practices of controlled substances. The board may contract with a vendor to design and conduct the evaluation.

(b) The board shall submit the evaluation of the system to the legislature by ~~January~~ July 15, 2011.

Subd. 9. Immunity from liability; no requirement to obtain information. (a) A pharmacist, prescriber, or other dispenser making a report to the program in good faith under this section is immune from any civil, criminal, or administrative liability, which might otherwise be incurred or imposed as a result of the report, or on the basis that the pharmacist or prescriber did or did not seek or obtain or use information from the program.

(b) Nothing in this section shall require a pharmacist, prescriber, or other dispenser to obtain information about a patient from the program, and the pharmacist, prescriber, or other dispenser, if acting in good faith, is immune from any civil, criminal, or administrative liability that might otherwise be incurred or imposed for requesting, receiving, or using information from the program.

Subd. 10. **Funding.** (a) The board may seek grants and private funds from nonprofit charitable foundations, the federal government, and other sources to fund the enhancement and ongoing operations of the prescription electronic reporting system established under this section. Any funds received shall be appropriated to the board for this purpose. The board may not expend funds to enhance the program in a way that conflicts with this section without seeking approval from the legislature.

(b) The administrative services unit for the health-related licensing boards shall apportion between the Board of Medical Practice, the Board of Nursing, the Board of Dentistry, the Board of Podiatric Medicine, the Board of Optometry, and the Board of Pharmacy an amount to be paid through fees by each respective board. The amount apportioned to each board shall equal each board's share of the annual appropriation to the Board of Pharmacy from the state government special revenue fund for operating the prescription electronic reporting system under this section. Each board's apportioned share shall be based on the number of prescribers or dispensers that each board identified in this paragraph licenses as a percentage of the total number of prescribers and dispensers licensed collectively by these boards. Each respective board may adjust the fees that the boards are required to collect to compensate for the amount apportioned to each board by the administrative services unit.

Sec. 4. [246.125] **CHEMICAL AND MENTAL HEALTH SERVICES TRANSFORMATION ADVISORY TASK FORCE.**

Subdivision 1. **Establishment.** The Chemical and Mental Health Services Transformation Advisory Task Force is established to make recommendations to the commissioner of human services and the legislature on the continuum of services needed to provide individuals with complex conditions including mental illness, chemical dependency, traumatic brain injury, and developmental disabilities access to quality care and the appropriate level of care across the state to promote wellness, reduce cost, and improve efficiency.

Subd. 2. **Duties.** The Chemical and Mental Health Services Transformation Advisory Task Force shall make recommendations to the commissioner and the legislature no later than December 15, 2010, on the following:

(1) transformation needed to improve service delivery and provide a continuum of care, such as transition of current facilities, closure of current facilities, or the development of new models of care, including the redesign of the Anoka-Metro Regional Treatment Center;

(2) gaps and barriers to accessing quality care, system inefficiencies, and cost pressures;

(3) services that are best provided by the state and those that are best provided in the community;

(4) an implementation plan to achieve integrated service delivery across the public, private, and nonprofit sectors;

(5) an implementation plan to ensure that individuals with complex chemical and mental health needs receive the appropriate level of care to achieve recovery and wellness; and

(6) financing mechanisms that include all possible revenue sources to maximize federal funding and promote cost efficiencies and sustainability.

Subd. 3. **Membership.** The advisory task force shall be composed of the following, who will

serve at the pleasure of their appointing authority:

(1) the commissioner of human services or the commissioner's designee, and two additional representatives from the department;

(2) two legislators appointed by the speaker of the house, one from the minority and one from the majority;

(3) two legislators appointed by the senate rules committee, one from the minority and one from the majority;

(4) one representative appointed by AFSCME Council 5;

(5) one representative appointed by the ombudsman for mental health and developmental disabilities;

(6) one representative appointed by the Minnesota Association of Professional Employees;

(7) one representative appointed by the Minnesota Hospital Association;

(8) one representative appointed by the Minnesota Nurses Association;

(9) one representative appointed by NAMI-MN;

(10) one representative appointed by the Mental Health Association of Minnesota;

(11) one representative appointed by the Minnesota Association Of Community Mental Health Programs;

(12) one representative appointed by the Minnesota Dental Association;

(13) three clients or client family members representing different populations receiving services from state-operated services, who are appointed by the commissioner;

(14) one representative appointed by the chair of the state-operated services governing board;

(15) one representative appointed by the Minnesota Disability Law Center;

(16) one representative appointed by the Consumer Survivor Network;

(17) one representative appointed by the Association of Residential Resources in Minnesota;

(18) one representative appointed by the Minnesota Council of Child Caring Agencies;

(19) one representative appointed by the Association of Minnesota Counties; and

(20) one representative appointed by the Minnesota Pharmacists Association.

The commissioner may appoint additional members to reflect stakeholders who are not represented above.

Subd. 4. **Administration.** The commissioner shall convene the first meeting of the advisory task force and shall provide administrative support and staff.

Subd. 5. **Recommendations.** The advisory task force must report its recommendations to the

commissioner and to the legislature no later than December 15, 2010.

Subd. 6. **Member requirement.** The commissioner shall provide per diem and travel expenses pursuant to section 256.01, subdivision 6, for task force members who are consumers or family members and whose participation on the task force is not as a paid representative of any agency, organization, or association. Notwithstanding section 15.059, other task force members are not eligible for per diem or travel reimbursement.

Sec. 5. [246.128] NOTIFICATION TO LEGISLATURE REQUIRED.

The commissioner shall notify the chairs and ranking minority members of the relevant legislative committees regarding the redesign, closure, or relocation of state-operated services programs. The notification must include the advice of the Chemical and Mental Health Services Transformation Advisory Task Force under section 246.125.

Sec. 6. [246.129] LEGISLATIVE APPROVAL REQUIRED.

If the closure of a state-operated facility is proposed, and the department and respective bargaining units fail to arrive at a mutually agreed upon solution to transfer affected state employees to other state jobs, the closure of the facility requires legislative approval. This does not apply to state-operated enterprise services.

Sec. 7. Minnesota Statutes 2008, section 246.18, is amended by adding a subdivision to read:

Subd. 8. **State-operated services account.** The state-operated services account is established in the special revenue fund. Revenue generated by new state-operated services listed under this section established after July 1, 2010, that are not enterprise activities must be deposited into the state-operated services account, unless otherwise specified in law:

- (1) intensive residential treatment services;
- (2) foster care services; and
- (3) psychiatric extensive recovery treatment services.

Sec. 8. Minnesota Statutes 2008, section 254B.01, subdivision 2, is amended to read:

Subd. 2. **American Indian.** For purposes of services provided under section 254B.09, subdivision 7 8, "American Indian" means a person who is a member of an Indian tribe, and the commissioner shall use the definitions of "Indian" and "Indian tribe" and "Indian organization" provided in Public Law 93-638. For purposes of services provided under section 254B.09, subdivision 4 6, "American Indian" means a resident of federally recognized tribal lands who is recognized as an Indian person by the federally recognized tribal governing body.

Sec. 9. Minnesota Statutes 2008, section 254B.02, subdivision 1, is amended to read:

Subdivision 1. **Chemical dependency treatment allocation.** The chemical dependency funds ~~appropriated for allocation~~ treatment appropriation shall be placed in a special revenue account. The commissioner shall annually transfer funds from the chemical dependency fund to pay for operation of the drug and alcohol abuse normative evaluation system and to pay for all costs incurred by adding two positions for licensing of chemical dependency treatment and rehabilitation programs located in hospitals for which funds are not otherwise appropriated. ~~Six percent of the remaining money must~~

~~be reserved for tribal allocation under section 254B.09, subdivisions 4 and 5. The commissioner shall annually divide the money available in the chemical dependency fund that is not held in reserve by counties from a previous allocation, or allocated to the American Indian chemical dependency tribal account. Six percent of the remaining money must be reserved for the nonreservation American Indian chemical dependency allocation for treatment of American Indians by eligible vendors under section 254B.05, subdivision 1. The remainder of the money must be allocated among the counties according to the following formula, using state demographer data and other data sources determined by the commissioner:~~

~~(a) For purposes of this formula, American Indians and children under age 14 are subtracted from the population of each county to determine the restricted population.~~

~~(b) The amount of chemical dependency fund expenditures for entitled persons for services not covered by prepaid plans governed by section 256B.69 in the previous year is divided by the amount of chemical dependency fund expenditures for entitled persons for all services to determine the proportion of exempt service expenditures for each county.~~

~~(c) The prepaid plan months of eligibility is multiplied by the proportion of exempt service expenditures to determine the adjusted prepaid plan months of eligibility for each county.~~

~~(d) The adjusted prepaid plan months of eligibility is added to the number of restricted population fee for service months of eligibility for the Minnesota family investment program, general assistance, and medical assistance and divided by the county restricted population to determine county per capita months of covered service eligibility.~~

~~(e) The number of adjusted prepaid plan months of eligibility for the state is added to the number of fee for service months of eligibility for the Minnesota family investment program, general assistance, and medical assistance for the state restricted population and divided by the state restricted population to determine state per capita months of covered service eligibility.~~

~~(f) The county per capita months of covered service eligibility is divided by the state per capita months of covered service eligibility to determine the county welfare caseload factor.~~

~~(g) The median married couple income for the most recent three year period available for the state is divided by the median married couple income for the same period for each county to determine the income factor for each county.~~

~~(h) The county restricted population is multiplied by the sum of the county welfare caseload factor and the county income factor to determine the adjusted population.~~

~~(i) \$15,000 shall be allocated to each county.~~

~~(j) The remaining funds shall be allocated proportional to the county adjusted population in the special revenue account must be used according to the requirements in this chapter.~~

Sec. 10. Minnesota Statutes 2008, section 254B.02, subdivision 5, is amended to read:

Subd. 5. **Administrative adjustment.** The commissioner may make payments to local agencies from money allocated under this section to support administrative activities under sections 254B.03 and 254B.04. The administrative payment must not exceed the lesser of: (1) five percent of the first \$50,000, four percent of the next \$50,000, and three percent of the remaining payments for

services from the ~~allocation~~ special revenue account according to subdivision 1; or (2) the local agency administrative payment for the fiscal year ending June 30, 2009, adjusted in proportion to the statewide change in the appropriation for this chapter.

Sec. 11. Minnesota Statutes 2008, section 254B.03, subdivision 4, is amended to read:

Subd. 4. **Division of costs.** Except for services provided by a county under section 254B.09, subdivision 1, or services provided under section 256B.69 or 256D.03, subdivision 4, paragraph (b), the county shall, out of local money, pay the state for ~~15~~ 16.14 percent of the cost of chemical dependency services, including those services provided to persons eligible for medical assistance under chapter 256B and general assistance medical care under chapter 256D. Counties may use the indigent hospitalization levy for treatment and hospital payments made under this section. ~~Fifteen~~ 16.14 percent of any state collections from private or third-party pay, less 15 percent ~~of~~ for the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section. ~~If all funds allocated according to section 254B.02 are exhausted by a county and the county has met or exceeded the base level of expenditures under section 254B.02, subdivision 3, the county shall pay the state for 15 percent of the costs paid by the state under this section. The commissioner may refuse to pay state funds for services to persons not eligible under section 254B.04, subdivision 1, if the county financially responsible for the persons has exhausted its allocation.~~

Sec. 12. Minnesota Statutes 2008, section 254B.05, subdivision 4, is amended to read:

Subd. 4. **Regional treatment centers.** Regional treatment center chemical dependency treatment units are eligible vendors. The commissioner may expand the capacity of chemical dependency treatment units beyond the capacity funded by direct legislative appropriation to serve individuals who are referred for treatment by counties and whose treatment will be paid for ~~with a county's allocation under section 254B.02 by funding under this chapter or other funding sources.~~ Notwithstanding the provisions of sections 254B.03 to 254B.041, payment for any person committed at county request to a regional treatment center under chapter 253B for chemical dependency treatment and determined to be ineligible under the chemical dependency consolidated treatment fund, shall become the responsibility of the county.

Sec. 13. Minnesota Statutes 2008, section 254B.06, subdivision 2, is amended to read:

Subd. 2. **Allocation of collections.** The commissioner shall allocate all federal financial participation collections to ~~the reserve fund under section 254B.02, subdivision 3~~ a special revenue account. The commissioner shall ~~retain~~ allocate 83.86 percent of patient payments and third-party payments to the special revenue account and ~~allocate the collections to the treatment allocation for the county that is financially responsible for the person.~~ Fifteen 16.14 percent of patient and third-party payments must be paid to the county financially responsible for the patient. ~~Collections for patient payment and third party payment for services provided under section 254B.09 shall be allocated to the allocation of the tribal unit which placed the person. Collections of federal financial participation for services provided under section 254B.09 shall be allocated to the tribal reserve account under section 254B.09, subdivision 5.~~

Sec. 14. Minnesota Statutes 2008, section 254B.09, subdivision 8, is amended to read:

Subd. 8. **Payments to improve services to American Indians.** The commissioner may set rates for chemical dependency services to American Indians according to the American Indian Health

Improvement Act, Public Law 94-437, for eligible vendors. These rates shall supersede rates set in county purchase of service agreements when payments are made on behalf of clients eligible according to Public Law 94-437.

Sec. 15. [254B.13] PILOT PROJECTS; CHEMICAL HEALTH CARE.

Subdivision 1. Authorization for pilot projects. The commissioner may approve and implement pilot projects developed under the planning process required under Laws 2009, chapter 79, article 7, section 26, to provide alternatives to and enhance coordination of the delivery of chemical health services required under section 254B.03.

Subd. 2. Program design and implementation. (a) The commissioner and counties participating in the pilot projects shall continue to work in partnership to refine and implement the pilot projects initiated under Laws 2009, chapter 79, article 7, section 26.

(b) The commissioner and counties participating in the pilot projects shall complete the planning phase by June 30, 2010, and, if approved by the commissioner for implementation, enter into agreements governing the operation of the pilot projects with implementation scheduled no earlier than July 1, 2010.

Subd. 3. Program evaluation. The commissioner shall evaluate pilot projects under this section and report the results of the evaluation to the chairs and ranking minority members of the legislative committees with jurisdiction over chemical health issues by January 15, 2013. Evaluation of the pilot projects must be based on outcome evaluation criteria negotiated with the pilot projects prior to implementation.

Subd. 4. Notice of project discontinuation. Each county's participation in the pilot project may be discontinued for any reason by the county or the commissioner of human services after 30 days' written notice to the other party. Any unspent funds held for the exiting county's pro rata share in the special revenue fund under the authority in subdivision 5, paragraph (d), shall be transferred to the consolidated chemical dependency treatment fund following discontinuation of the pilot project.

Subd. 5. Duties of commissioner. (a) Notwithstanding any other provisions in this chapter, the commissioner may authorize pilot projects to use chemical dependency treatment funds to pay for nontreatment pilot services:

(1) in addition to those authorized under section 254B.03, subdivision 2, paragraph (a); and

(2) by vendors in addition to those authorized under section 254B.05 when not providing chemical dependency treatment services.

(b) For purposes of this section, "nontreatment pilot services" include navigator services, peer support, family engagement and support, housing support, rent subsidies, supported employment, and independent living skills.

(c) State expenditures for chemical dependency services and nontreatment pilot services provided by or through the pilot projects must not be greater than the chemical dependency treatment fund expected share of forecasted expenditures in the absence of the pilot projects. The commissioner may restructure the schedule of payments between the state and participating counties under the local agency share and division of cost provisions under section 254B.03, subdivisions 3 and 4, as necessary to facilitate the operation of the pilot projects.

(d) To the extent that state fiscal year expenditures within a pilot project are less than the expected share of forecasted expenditures in the absence of the pilot projects, the commissioner shall deposit the unexpended funds in a separate account within the consolidated chemical dependency treatment fund, and make these funds available for expenditure by the pilot projects the following year. To the extent that treatment and nontreatment pilot services expenditures within the pilot project exceed the amount expected in the absence of the pilot projects, the pilot project county or counties are responsible for the portion of nontreatment pilot services expenditures in excess of the otherwise expected share of forecasted expenditures.

(e) The commissioner may waive administrative rule requirements that are incompatible with the implementation of the pilot project, except that any chemical dependency treatment funded under this section must continue to be provided by a licensed treatment provider.

(f) The commissioner shall not approve or enter into any agreement related to pilot projects authorized under this section that puts current or future federal funding at risk.

Subd. 6. **Duties of county board.** The county board, or other county entity that is approved to administer a pilot project, shall:

(1) administer the pilot project in a manner consistent with the objectives described in subdivision 2 and the planning process in subdivision 5;

(2) ensure that no one is denied chemical dependency treatment services for which they would otherwise be eligible under section 254A.03, subdivision 3; and

(3) provide the commissioner with timely and pertinent information as negotiated in agreements governing operation of the pilot projects.

Sec. 16. Minnesota Statutes 2009 Supplement, section 517.08, subdivision 1b, is amended to read:

Subd. 1b. Term of license; fee; premarital education. (a) The local registrar shall examine upon oath the parties applying for a license relative to the legality of the contemplated marriage. If one party is unable to appear in person, the party appearing may complete the absent applicant's information. The local registrar shall provide a copy of the marriage application to the party who is unable to appear, who must verify the accuracy of the party's information in a notarized statement. The marriage license must not be released until the verification statement has been received by the local registrar. If at the expiration of a five-day period, on being satisfied that there is no legal impediment to it, including the restriction contained in section 259.13, the local registrar shall issue the license, containing the full names of the parties before and after marriage, and county and state of residence, with the county seal attached, and make a record of the date of issuance. The license shall be valid for a period of six months. Except as provided in paragraph (c), the local registrar shall collect from the applicant a fee of ~~\$140~~ \$115 for administering the oath, issuing, recording, and filing all papers required, and preparing and transmitting to the state registrar of vital statistics the reports of marriage required by this section. If the license should not be used within the period of six months due to illness or other extenuating circumstances, it may be surrendered to the local registrar for cancellation, and in that case a new license shall issue upon request of the parties of the original license without fee. A local registrar who knowingly issues or signs a marriage license in any manner other than as provided in this section shall pay to the parties aggrieved an amount not to exceed \$1,000.

(b) In case of emergency or extraordinary circumstances, a judge of the district court of the county in which the application is made may authorize the license to be issued at any time before expiration of the five-day period required under paragraph (a). A waiver of the five-day waiting period must be in the following form:

STATE OF MINNESOTA, COUNTY OF (insert county name)

APPLICATION FOR WAIVER OF MARRIAGE LICENSE WAITING PERIOD:

..... (legal names of the applicants)

Represent and state as follows:

That on (date of application) the applicants applied to the local registrar of the above-named county for a license to marry.

That it is necessary that the license be issued before the expiration of five days from the date of the application by reason of the following: (insert reason for requesting waiver of waiting period)

.....
.....
.....

WHEREAS, the applicants request that the judge waive the required five-day waiting period and the local registrar be authorized and directed to issue the marriage license immediately.

Date:

.....
.....

(Signatures of applicants)

Acknowledged before me on this day of

.....

NOTARY PUBLIC

COURT ORDER AND AUTHORIZATION:

STATE OF MINNESOTA, COUNTY OF (insert county name)

After reviewing the above application, I am satisfied that an emergency or extraordinary circumstance exists that justifies the issuance of the marriage license before the expiration of five days from the date of the application. IT IS HEREBY ORDERED that the local registrar is authorized and directed to issue the license forthwith.

.....

..... (judge of district court)

..... (date).

(c) The marriage license fee for parties who have completed at least 12 hours of premarital education is \$40. In order to qualify for the reduced license fee, the parties must submit at the time of applying for the marriage license a signed, dated, and notarized statement from the person who provided the premarital education on their letterhead confirming that it was received. The premarital education must be provided by a licensed or ordained minister or the minister's designee, a person authorized to solemnize marriages under section 517.18, or a person authorized to practice marriage and family therapy under section 148B.33. The education must include the use of a premarital inventory and the teaching of communication and conflict management skills.

(d) The statement from the person who provided the premarital education under paragraph (b) must be in the following form:

"I, (name of educator), confirm that (names of both parties) received at least 12 hours of premarital education that included the use of a premarital inventory and the teaching of communication and conflict management skills. I am a licensed or ordained minister, a person authorized to solemnize marriages under Minnesota Statutes, section 517.18, or a person licensed to practice marriage and family therapy under Minnesota Statutes, section 148B.33."

The names of the parties in the educator's statement must be identical to the legal names of the parties as they appear in the marriage license application. Notwithstanding section 138.17, the educator's statement must be retained for seven years, after which time it may be destroyed.

(e) If section 259.13 applies to the request for a marriage license, the local registrar shall grant the marriage license without the requested name change. Alternatively, the local registrar may delay the granting of the marriage license until the party with the conviction:

(1) certifies under oath that 30 days have passed since service of the notice for a name change upon the prosecuting authority and, if applicable, the attorney general and no objection has been filed under section 259.13; or

(2) provides a certified copy of the court order granting it. The parties seeking the marriage license shall have the right to choose to have the license granted without the name change or to delay its granting pending further action on the name change request.

Sec. 17. Minnesota Statutes 2008, section 517.08, subdivision 1c, as amended by Laws 2010, chapter 200, article 1, section 17, is amended to read:

Subd. 1c. Disposition of license fee. (a) Of the marriage license fee collected pursuant to subdivision 1b, paragraph (a), \$25 must be retained by the county. The local registrar must pay ~~\$85~~ \$90 to the commissioner of management and budget to be deposited as follows:

(1) \$55 in the general fund;

(2) \$3 in the state government special revenue fund to be appropriated to the commissioner of public safety for parenting time centers under section 119A.37;

(3) \$2 in the special revenue fund to be appropriated to the commissioner of health for developing and implementing the MN ENABL program under section 145.9255; ~~and~~

(4) \$25 in the special revenue fund is appropriated to the commissioner of employment and

economic development for the displaced homemaker program under section 116L.96; and

(5) \$5 in the special revenue fund, which is appropriated to the Board of Regents of the University of Minnesota for the Minnesota couples on the brink project under section 137.32.

(b) Of the \$40 fee under subdivision 1b, paragraph (b), \$25 must be retained by the county. The local registrar must pay \$15 to the commissioner of management and budget to be deposited as follows:

(1) \$5 as provided in paragraph (a), clauses (2) and (3); and

(2) \$10 in the special revenue fund is appropriated to the commissioner of employment and economic development for the displaced homemaker program under section 116L.96.

Sec. 18. Laws 2009, chapter 79, article 3, section 18, is amended to read:

Sec. 18. REQUIRING THE DEVELOPMENT OF COMMUNITY-BASED MENTAL HEALTH SERVICES FOR PATIENTS COMMITTED TO THE ANOKA-METRO REGIONAL TREATMENT CENTER.

~~In consultation with community partners, the commissioner of human services~~ The Chemical and Mental Health Services Transformation Advisory Task Force shall develop recommend an array of community-based services in the metro area to transform the current services now provided to patients at the Anoka-Metro Regional Treatment Center. The community-based services may be provided in facilities with 16 or fewer beds, and must provide the appropriate level of care for the patients being admitted to the facilities established in partnership with private and public hospital organizations, community mental health centers and other mental health community services providers, and community partnerships, and must be staffed by state employees. The planning for this transition must be completed by October 1, ~~2009~~ 2010, with ~~an initial~~ a report detailing the transition plan, services that will be provided, including incorporating peer specialists where appropriate, the location of the services, and the number of patients that will be served, to the committee chairs of health and human services by November 30, ~~2009~~, and a ~~semiannual report on progress until the transition is completed.~~ The commissioner of human services shall solicit interest from stakeholders and potential community partners 2010. The individuals working in employed by the community-based services facilities under this section are state employees supervised by the commissioner of human services. No layoffs shall occur as a result of restructuring under this section. Savings generated as a result of transitioning patients from the Anoka-Metro Regional Treatment Center to community-based services may be used to fund supportive housing staffed by state employees.

Sec. 19. REPORT ON HUMAN SERVICES FISCAL NOTES.

The commissioner of management and budget shall issue a report to the legislature no later than November 15, 2010, making recommendations for improving the preparation and delivery of fiscal notes under Minnesota Statutes, section 3.98, relating to human services. The report shall consider: (1) the establishment of an independent fiscal note office in the human services department and (2) transferring the responsibility for preparing human services fiscal notes to the legislature. The report must include detailed information regarding the financial costs, staff resources, training, access to information, and data protection issues relative to the preparation of human services fiscal notes. The report shall describe methods and procedures used by other states to insure independence and

accuracy of fiscal estimates on legislative proposals for changes in human services.

Sec. 20. PRESCRIPTION DRUG WASTE REDUCTION.

The Minnesota Board of Pharmacy, in cooperation with the commissioners of human services, pollution control, health, veterans affairs, and corrections, shall study prescription drug waste reduction techniques and technologies applicable to long-term care facilities, veterans nursing homes, and correctional facilities. In conducting the study, the commissioners shall consult with the Minnesota Pharmacists Association, the University of Minnesota College of Pharmacy, University of Minnesota's Minnesota Technical Assistance Project, consumers, long-term care providers, and other interested parties. The board shall evaluate the extent to which new prescription drug waste reduction techniques and technologies can reduce the amount of prescription drugs that enter the waste stream and reduce state prescription drug costs. The techniques and technologies studied must include, but are not limited to, daily, weekly, and automated dose dispensing. The study must provide an estimate of the cost of adopting these and other techniques and technologies, and an estimate of waste reduction and state prescription drug savings that would result from adoption. The study must also evaluate methods of encouraging the adoption of effective drug waste reduction techniques and technologies. The board shall present recommendations on the adoption of new prescription drug waste reduction techniques and technologies to the legislature by December 15, 2011.

Sec. 21. VETERINARY PRACTICE AND CONTROLLED SUBSTANCE ABUSE STUDY.

The Board of Pharmacy, in consultation with the Prescription Electronic Reporting Advisory Committee and the Board of Veterinary Medical Practice, shall study the issue of the diversion of controlled substances from veterinary practice and report to the chairs and ranking minority members of the senate health and human services policy and finance division and the house of representatives health care and human services policy and finance division by December 15, 2011, on recommendations to include veterinarians in the prescription electronic reporting system in Minnesota Statutes, section 152.126.

Sec. 22. DATA COLLECTION ON HEALTH DISPARITIES.

Subdivision 1. **Inventory.** The commissioners of health and human services shall conduct an inventory on the health-related data collected by each respective department including, but not limited to, health care programs and activities, vital statistics, disease surveillance registries and screenings, and health outcome measurements.

The inventory must review the categories of data that are collected, describe the methods of collecting, organizing, and reporting data relating to race, ethnicity, country of origin, primary language, tribal enrollment status, and socioeconomic status, and specify whether the data being collected in these categories is currently required.

Subd. 2. **Review.** (a) Upon completion of the inventory in subdivision 1, the commissioners of health and human services shall consult with representatives of culturally based community groups, community health boards, tribal governments, hospitals, and health plan companies to review the compiled inventory and make recommendations on:

(1) whether the data currently being collected is sufficient to identify and describe health

disparities for particular communities or if the collection of additional types and categories of data is necessary in order to better identify health disparities and to facilitate efforts to reduce these disparities;

(2) if additional types and categories of data collection is determined necessary, what additional types and categories should be collected and in what areas;

(3) whether there is a need to aggregate data to make data in the categories identified in subdivision 1 more accessible to community groups, researchers, and to the legislature; and

(4) other ways to improve data collection efforts in order to ensure the collection of high-quality, reliable data in clauses (1) to (3) that will ensure accurate research and the ability to create measurable program outcomes in order to facilitate public policy decisions regarding the elimination of health disparities.

(b) In making recommendations, the work group shall consider national and state standardized data classification systems, as well as federal or state requirements for collection of certain data based on predetermined classification systems that may impact some data collection efforts.

Subd. 3. **Report.** By January 15, 2011, the commissioners of health and human services shall submit to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health and human services the inventory compiled in subdivision 1 and the recommendations developed in subdivision 2.

Sec. 23. **REPEALER.**

(a) Minnesota Statutes 2008, sections 254B.02, subdivisions 2, 3, and 4; and 254B.09, subdivisions 4, 5, and 7, are repealed.

(b) Laws 2009, chapter 79, article 7, section 26, subdivision 3, is repealed.

Sec. 24. **EFFECTIVE DATE.**

Sections 8 to 14 and 22 are effective for claims paid on or after July 1, 2010.

ARTICLE 20

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2008, section 13.3806, subdivision 13, is amended to read:

Subd. 13. **Traumatic injury.** Data on individuals with a brain or spinal injury or who sustain major trauma that are collected by the commissioner of health are classified under ~~section~~ sections 144.6071 and 144.665.

Sec. 2. Minnesota Statutes 2008, section 62D.08, is amended by adding a subdivision to read:

Subd. 7. **Consistent administrative expenses and investment income reporting.** (a) Every health maintenance organization must directly allocate administrative expenses to specific lines of business or products when such information is available. Remaining expenses that cannot be directly allocated must be allocated based on other methods, as recommended by the Advisory Group on Administrative Expenses. Health maintenance organizations must submit this information, including administrative expenses for dental services, using the reporting template

provided by the commissioner of health.

(b) Every health maintenance organization must allocate investment income based on cumulative net income over time by business line or product and must submit this information, including investment income for dental services, using the reporting template provided by the commissioner of health.

EFFECTIVE DATE. This section is effective January 1, 2013.

Sec. 3. [62D.31] ADVISORY GROUP ON ADMINISTRATIVE EXPENSES.

Subdivision 1. **Establishment.** The Advisory Group on Administrative Expenses is established to make recommendations on the development of consistent guidelines and reporting requirements, including development of a reporting template, for health maintenance organizations and county-based purchasing plans that participate in publicly funded programs.

Subd. 2. **Membership.** The membership of the advisory group shall be comprised of the following, who serve at the pleasure of their appointing authority:

(1) the commissioner of health or the commissioner's designee;

(2) the commissioner of human services or the commissioner's designee;

(3) the commissioner of commerce or the commissioner's designee; and

(4) representatives of health maintenance organizations and county-based purchasers appointed by the commissioner of health.

Subd. 3. **Administration.** The commissioner of health shall convene the first meeting of the advisory group by December 1, 2010, and shall provide administrative support and staff. The commissioner of health may contract with a consultant to provide professional assistance and expertise to the advisory group.

Subd. 4. **Recommendations.** The Advisory Group on Administrative Expenses must report its recommendations, including any proposed legislation necessary to implement the recommendations, to the commissioner of health and to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over health policy and finance by February 15, 2012.

Subd. 5. **Expiration.** This section expires after submission of the report required under subdivision 4 or June 30, 2012, whichever is sooner.

Sec. 4. Minnesota Statutes 2008, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. **Designation.** (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations, underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

- (i) has nonprofit status in accordance with chapter 317A;
 - (ii) has tax exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);
 - (iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and
 - (iv) does not restrict access or services because of a client's financial limitation;
- (3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;
- (4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions; ~~or~~
- (5) a sole community hospital. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services. For purposes of this section, "sole community hospital" means a rural hospital that:
- (i) is eligible to be classified as a sole community hospital according to Code of Federal Regulations, title 42, section 412.92, or is located in a community with a population of less than 5,000 and located more than 25 miles from a like hospital currently providing acute short-term services;
 - (ii) has experienced net operating income losses in two of the previous three most recent consecutive hospital fiscal years for which audited financial information is available; and
 - (iii) consists of 40 or fewer licensed beds; or
- (6) a birth center licensed under section 144.615.
- (b) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.
- (c) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.
- (d) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.
- Sec. 5. Minnesota Statutes 2008, section 144.05, is amended by adding a subdivision to read:
- Subd. 5. **Firearms data.** Notwithstanding any law to the contrary, the commissioner of health is prohibited from collecting data on individuals regarding lawful firearm ownership in the state or data related to an individual's right to carry a weapon under section 624.714.
- Sec. 6. Minnesota Statutes 2008, section 144.226, subdivision 3, is amended to read:
- Subd. 3. **Birth record surcharge.** (a) In addition to any fee prescribed under subdivision

1, there shall be a nonrefundable surcharge of \$3 for each certified birth or stillbirth record and for a certification that the vital record cannot be found. The local or state registrar shall forward this amount to the commissioner of management and budget for deposit into the account for the children's trust fund for the prevention of child abuse established under section 256E.22. This surcharge shall not be charged under those circumstances in which no fee for a certified birth or stillbirth record is permitted under subdivision 1, paragraph (a). Upon certification by the commissioner of management and budget that the assets in that fund exceed \$20,000,000, this surcharge shall be discontinued.

(b) In addition to any fee prescribed under subdivision 1, there shall be a nonrefundable surcharge of \$10 for each certified birth record. The local or state registrar shall forward this amount to the commissioner of management and budget for deposit in the general fund. This surcharge shall not be charged under those circumstances in which no fee for a certified birth record is permitted under subdivision 1, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 7. Minnesota Statutes 2008, section 144.293, subdivision 4, is amended to read:

Subd. 4. **Duration of consent.** Except as provided in this section, a consent is valid for one year or for a lesser period specified in the consent or for a different period provided by law.

Sec. 8. Minnesota Statutes 2008, section 144.603, is amended to read:

144.603 STATEWIDE TRAUMA SYSTEM CRITERIA.

Subdivision 1. **Criteria established.** The commissioner shall adopt criteria to ensure that severely injured people are promptly transported and treated at trauma hospitals appropriate to the severity of injury. Minimum criteria shall address emergency medical service trauma triage and transportation guidelines as approved under section 144E.101, subdivision 14, designation of hospitals as trauma hospitals, interhospital transfers, a trauma registry, and a trauma system governance structure.

Subd. 2. **Basis; verification.** The commissioner shall base the establishment, implementation, and modifications to the criteria under subdivision 1 on the department-published Minnesota comprehensive statewide trauma system plan. The commissioner shall seek the advice of the Trauma Advisory Council in implementing and updating the criteria, using accepted and prevailing trauma transport, treatment, and referral standards of the American College of Surgeons, the American College of Emergency Physicians, the Minnesota Emergency Medical Services Regulatory Board, the national Trauma Resources Network Center Association of America, and other widely recognized trauma experts. The commissioner shall adapt and modify the standards as appropriate to accommodate Minnesota's unique geography and the state's hospital and health professional distribution and shall verify that the criteria are met by each hospital voluntarily participating in the statewide trauma system.

Subd. 3. **Rule exemption and report to legislature.** In developing and adopting the criteria under this section, the commissioner of health is exempt from chapter 14, including section 14.386. ~~By September 1, 2009, the commissioner must report to the legislature on implementation of the voluntary trauma system, including recommendations on the need for including the trauma system criteria in rule.~~

Sec. 9. Minnesota Statutes 2008, section 144.605, subdivision 2, is amended to read:

Subd. 2. **Designation; reverification.** The commissioner shall designate ~~four~~ six levels of trauma hospitals. A hospital that voluntarily meets the criteria for a particular level of trauma hospital shall apply to the commissioner for designation and, upon the commissioner's verifying the hospital meets the criteria, be designated a trauma hospital at the appropriate level for a three-year period. Prior to the expiration of the three-year designation, a hospital seeking to remain part of the voluntary system must apply for and successfully complete a reverification process, be awaiting the site visit for the reverification, or be awaiting the results of the site visit. The commissioner may extend a hospital's existing designation for up to 18 months on a provisional basis if the hospital has applied for reverification in a timely manner but has not yet completed the reverification process within the expiration of the three-year designation and the extension is in the best interest of trauma system patient safety. To be granted a provisional extension, the hospital must be:

- (1) scheduled and awaiting the site visit for reverification;
- (2) awaiting the results of the site visit; or
- (3) responding to and correcting identified deficiencies identified in the site visit.

Sec. 10. Minnesota Statutes 2008, section 144.605, subdivision 3, is amended to read:

Subd. 3. **ACS verification.** The commissioner shall grant the appropriate level I, II, or III trauma hospital or level I or II pediatric trauma hospital designation to a hospital that successfully completes and passes the American College of Surgeons (ACS) verification standards at the hospital's cost, submits verification documentation to the Trauma Advisory Council, and formally notifies the Trauma Advisory Council of ACS verification.

Sec. 11. Minnesota Statutes 2008, section 144.605, is amended by adding a subdivision to read:

Subd. 9. **Designation process protection.** Data on patients in information and reports related to the designation and redesignation of trauma hospitals pursuant to subdivisions 3 to 5 are private data on individuals, as defined in section 13.02, subdivision 12.

Sec. 12. [144.6071] **TRAUMA REGISTRY.**

Subdivision 1. **Registry.** The commissioner of health shall establish and maintain a central registry of persons who sustain major trauma as defined in section 144.602, subdivision 3. The registry shall collect information to facilitate the development of clinical and system quality improvement, injury prevention, treatment, and rehabilitation programs.

Subd. 2. **Registry participation required.** A trauma hospital must participate in the statewide trauma registry. The consent of the injured person is not required.

Subd. 3. **Registry information.** Trauma hospitals must electronically submit the following information to the registry:

- (1) demographic information of the injured person;
- (2) information about the date, location, and cause of the injury;
- (3) information about the condition of the injured person;

(4) information about the treatment, comorbidities, and diagnosis of the injured person;

(5) information about the outcome and disposition of the injured person; and

(6) other trauma-related information required by the commissioner, if necessary to facilitate the development of clinical and system quality improvement, treatment, and rehabilitation programs.

Subd. 4. **Rules.** The commissioner may adopt rules to collect other information required to facilitate the development of clinical and system quality improvement, injury prevention, treatment, and rehabilitation programs. The commissioner may adopt rules at any time to implement this section and is not subject to the requirements of section 14.125.

Subd. 5. **Reporting without liability.** Any person or facility furnishing information required in this section shall not be subject to any action for damages or other relief, provided that the person or facility is acting in good faith.

Subd. 6. **Data classification.** Data on individuals collected by the commissioner of health under this section are private data on individuals, as defined in section 13.02, subdivision 12. Data not on individuals are nonpublic data as defined in section 13.02, subdivision 9. The commissioner shall provide summary registry data to public and private entities to conduct studies using data collected by the registry. The commissioner may charge a fee under section 13.03, subdivision 3, for all out-of-pocket expenses associated with the provision of data or data analysis.

Subd. 7. **Report requirements.** The commissioner shall use the registry to annually publish a report that includes comparative demographic and risk-adjusted epidemiological data on designated trauma hospitals. Any analyses or reports that identify providers may only be published after the provider has been provided the opportunity by the commissioner to review the underlying data and submit comments. The provider shall have 21 days to review the data for accuracy.

Sec. 13. Minnesota Statutes 2008, section 144.608, subdivision 1, is amended to read:

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

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

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

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

(3) a neurosurgeon certified by the American Board of Neurological Surgery who practices in a level I or II trauma hospital;

(4) a trauma program nurse manager or coordinator practicing in a level I or II trauma hospital;

(5) an emergency physician certified by the American College Board of Emergency Physicians Medicine or the American Osteopathic Board of Emergency Medicine whose practice includes emergency room care in a level I, II, III, or IV trauma hospital;

(6) ~~an emergency room nurse manager~~ a trauma program manager or coordinator who practices in a level III or IV trauma hospital;

(7) ~~a family practice physician~~ certified by the American Board of Family Medicine or the American Osteopathic Board of Family Practice whose practice includes emergency room department care in a level III or IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);

(8) a nurse practitioner, as defined under section 144.1501, subdivision 1, paragraph (h), or a physician assistant, as defined under section 144.1501, subdivision 1, paragraph (j), whose practice includes emergency room care in a level IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);

(9) a pediatrician certified by the ~~American Academy~~ Board of Pediatrics or the American Osteopathic Board of Pediatrics whose practice includes ~~emergency room~~ department care in a level I, II, III, or IV trauma hospital;

(10) an orthopedic surgeon certified by the American Board of Orthopaedic Surgery or the American Osteopathic Board of Orthopedic Surgery whose practice includes trauma and who practices in a level I, II, or III trauma hospital;

(11) the state emergency medical services medical director appointed by the Emergency Medical Services Regulatory Board;

(12) a hospital administrator of a level III or IV trauma hospital located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b);

(13) a rehabilitation specialist whose practice includes rehabilitation of patients with major trauma injuries or traumatic brain injuries and spinal cord injuries as defined under section 144.661;

(14) an attendant or ambulance director who is an EMT, EMT-I, or EMT-P within the meaning of section 144E.001 and who actively practices with a licensed ambulance service in a primary service area located in a designated rural area as defined under section 144.1501, subdivision 1, paragraph (b); and

(15) the commissioner of public safety or the commissioner's designee.

~~(c) Council members whose appointment is dependent on practice in a level III or IV trauma hospital may be appointed to an initial term based upon their statements that the hospital intends to become a level III or IV facility by July 1, 2009.~~

Sec. 14. **[144.615] BIRTH CENTERS.**

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

(b) "Birth center" means a facility licensed for the primary purpose of performing low-risk deliveries that is not a hospital or licensed as part of a hospital and where births are planned to occur away from the mother's usual residence following a low-risk pregnancy.

(c) "CABC" means the Commission for the Accreditation of Birth Centers.

(d) "Low-risk pregnancy" means a normal, uncomplicated prenatal course as determined by documentation of adequate prenatal care and the anticipation of a normal uncomplicated labor and birth, as defined by reasonable and generally accepted criteria adopted by professional groups for maternal, fetal, and neonatal health care.

Subd. 2. **License required.** (a) Beginning January 1, 2011, no birth center shall be established, operated, or maintained in the state without first obtaining a license from the commissioner of health according to this section.

(b) A license issued under this section is not transferable or assignable and is subject to suspension or revocation at any time for failure to comply with this section.

(c) A birth center licensed under this section shall not assert, represent, offer, provide, or imply that the center is or may render care or services other than the services it is permitted to render within the scope of the license or the accreditation issued.

(d) The license must be conspicuously posted in an area where patients are admitted.

Subd. 3. **Temporary license.** For new birth centers planning to begin operations after January 1, 2011, the commissioner may issue a temporary license to the birth center that is valid for a period of six months from the date of issuance. The birth center must submit to the commissioner an application and applicable fee for licensure as required under subdivision 4. The application must include the information required in subdivision 4, clauses (1) to (3) and (5) to (7), and documentation that the birth center has submitted an application for accreditation to the CABC. Upon receipt of accreditation from the CABC, the birth center must submit to the commissioner the information required in subdivision 4, clause (4), and the applicable fee under subdivision 8. The commissioner shall issue a new license.

Subd. 4. **Application.** An application for a license to operate a birth center and the applicable fee under subdivision 8 must be submitted to the commissioner on a form provided by the commissioner and must contain:

(1) the name of the applicant;

(2) the site location of the birth center;

(3) the name of the person in charge of the center;

(4) documentation that the accreditation described under subdivision 6 has been issued, including the effective date and the expiration date of the accreditation, and the date of the last site visit by the CABC;

(5) the number of patients the birth center is capable of serving at a given time;

(6) the names and license numbers, if applicable, of the health care professionals on staff at the birth center; and

(7) any other information the commissioner deems necessary.

Subd. 5. **Suspension, revocation, and refusal to renew.** The commissioner may refuse to grant or renew, or may suspend or revoke, a license on any of the grounds described under section 144.55, subdivision 6, paragraph (a), clause (2), (3), or (4), or upon the loss of accreditation by the CABC.

The applicant or licensee is entitled to notice and a hearing as described under section 144.55, subdivision 7, and a new license may be issued after proper inspection of the birth center has been conducted.

Subd. 6. **Standards for licensure.** (a) To be eligible for licensure under this section, a birth center must be accredited by the CABC or must obtain accreditation within six months of the date of the application for licensure. If the birth center loses its accreditation, the birth center must immediately notify the commissioner.

(b) The center must have procedures in place specifying criteria by which risk status will be established and applied to each woman at admission and during labor.

(c) Upon request, the birth center shall provide the commissioner of health with any material submitted by the birth center to the CABC as part of the accreditation process, including the accreditation application, the self-evaluation report, the accreditation decision letter from the CABC, and any reports from the CABC following a site visit.

Subd. 7. **Limitations of services.** (a) The following limitations apply to the services performed at a birth center:

(1) surgical procedures must be limited to those normally accomplished during an uncomplicated birth, including episiotomy and repair;

(2) no abortions may be administered; and

(3) no general or regional anesthesia may be administered.

(b) Notwithstanding paragraph (a), local anesthesia may be administered at a birth center if the administration of the anesthetic is performed within the scope of practice of a health care professional.

Subd. 8. **Fees.** (a) The biennial license fee for a birth center is \$365.

(b) The temporary license fee is \$365.

(c) Fees shall be collected and deposited according to section 144.122.

Subd. 9. **Renewal.** (a) Except as provided in paragraph (b), a license issued under this section expires two years from the date of issue.

(b) A temporary license issued under subdivision 3 expires six months from the date of issue, and may be renewed for one additional six-month period.

(c) An application for renewal shall be submitted at least 60 days prior to expiration of the license on forms prescribed by the commissioner of health.

Subd. 10. **Records.** All health records maintained on each client by a birth center are subject to sections 144.292 to 144.298.

Subd. 11. **Report.** (a) The commissioner of health, in consultation with the commissioner of human services and representatives of the licensed birth centers, the American College of Obstetricians and Gynecologists, the American Academy of Pediatrics, the Minnesota Hospital Association, and the Minnesota Ambulance Association, shall evaluate the quality of care and

outcomes for services provided in licensed birth centers, including, but not limited to, the utilization of services provided at a birth center, the outcomes of care provided to both mothers and newborns, and the numbers of transfers to other health care facilities that are required and the reasons for the transfers. The commissioner shall work with the birth centers to establish a process to gather and analyze the data within protocols that protect the confidentiality of patient identification.

(b) The commissioner of health shall report the findings of the evaluation to the legislature by January 15, 2014.

Sec. 15. Minnesota Statutes 2008, section 144.651, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, "patient" means a person who is admitted to an acute care inpatient facility for a continuous period longer than 24 hours, for the purpose of diagnosis or treatment bearing on the physical or mental health of that person. For purposes of subdivisions 4 to 9, 12, 13, 15, 16, and 18 to 20, "patient" also means a person who receives health care services at an outpatient surgical center or at a birth center licensed under section 144.615. "Patient" also means a minor who is admitted to a residential program as defined in section 253C.01. For purposes of subdivisions 1, 3 to 16, 18, 20 and 30, "patient" also means any person who is receiving mental health treatment on an outpatient basis or in a community support program or other community-based program. "Resident" means a person who is admitted to a nonacute care facility including extended care facilities, nursing homes, and boarding care homes for care required because of prolonged mental or physical illness or disability, recovery from injury or disease, or advancing age. For purposes of all subdivisions except subdivisions 28 and 29, "resident" also means a person who is admitted to a facility licensed as a board and lodging facility under Minnesota Rules, parts 4625.0100 to 4625.2355, or a supervised living facility under Minnesota Rules, parts 4665.0100 to 4665.9900, and which operates a rehabilitation program licensed under Minnesota Rules, parts 9530.4100 to 9530.4450.

Sec. 16. Minnesota Statutes 2008, section 144.9504, is amended by adding a subdivision to read:

Subd. 12. **Blood lead level guidelines.** (a) By January 1, 2011, the commissioner must revise clinical and case management guidelines to include recommendations for protective health actions and follow-up services when a child's blood lead level exceeds five micrograms of lead per deciliter of blood. The revised guidelines must be implemented to the extent possible using available resources.

(b) In revising the clinical and case management guidelines for blood lead levels greater than five micrograms of lead per deciliter of blood under this subdivision, the commissioner of health must consult with a statewide organization representing physicians, the public health department of Minneapolis and other public health departments, one representative of the residential construction industry, and a nonprofit organization with expertise in lead abatement.

Sec. 17. Minnesota Statutes 2008, section 144A.51, subdivision 5, is amended to read:

Subd. 5. **Health facility.** "Health facility" means a facility or that part of a facility which is required to be licensed pursuant to sections 144.50 to 144.58, 144.615, and a facility or that part of a facility which is required to be licensed under any law of this state which provides for the licensure of nursing homes.

Sec. 18. Minnesota Statutes 2008, section 144E.37, is amended to read:

144E.37 COMPREHENSIVE ADVANCED LIFE SUPPORT.

The ~~board~~ commissioner of health shall establish a comprehensive advanced life-support educational program to train rural medical personnel, including physicians, physician assistants, nurses, and allied health care providers, in a team approach to anticipate, recognize, and treat life-threatening emergencies before serious injury or cardiac arrest occurs.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 19. HEALTH PLAN AND COUNTY ADMINISTRATIVE COST REDUCTION; REPORTING REQUIREMENTS.

(a) Minnesota health plans and county-based purchasing plans may complete an inventory of existing data collection and reporting requirements for health plans and county-based purchasing plans and submit to the commissioners of health and human services a list of data, documentation, and reports that:

- (1) are collected from the same health plan or county-based purchasing plan more than once;
- (2) are collected directly from the health plan or county-based purchasing plan but are available to the state agencies from other sources;
- (3) are not currently being used by state agencies; or
- (4) collect similar information more than once in different formats, at different times, or by more than one state agency.

(b) The report to the commissioners may also identify the percentage of health plan and county-based purchasing plan administrative time and expense attributed to fulfilling reporting requirements and include recommendations regarding ways to reduce duplicative reporting requirements.

(c) Upon receipt, the commissioners shall submit the inventory and recommendations to the chairs of the appropriate legislative committees, along with their comments and recommendations as to whether any action should be taken by the legislature to establish a consolidated and streamlined reporting system under which data, reports, and documentation are collected only once and only when needed for the state agencies to fulfill their duties under law and applicable regulations.

Sec. 20. VENDOR ACCREDITATION SIMPLIFICATION.

The Minnesota Hospital Association must coordinate with the Minnesota Credentialing Collaborative to make recommendations by January 1, 2012, on the development of standard accreditation methods for vendor services provided within hospitals and clinics. The recommendations must be consistent with requirements of hospital credentialing organizations and applicable federal requirements.

Sec. 21. APPLICATION PROCESS FOR HEALTH INFORMATION EXCHANGE.

To the extent that the commissioner of health applies for additional federal funding to support the commissioner's responsibilities of developing and maintaining state level health information exchange under section 3013 of the HITECH Act, the commissioner of health shall ensure that applications are made through an open process that provides health information exchange service

providers equal opportunity to receive funding.

Sec. 22. **TRANSFER.**

The powers and duties of the Emergency Medical Services Regulatory Board with respect to the comprehensive advanced life-support educational program under Minnesota Statutes, section 144E.37, are transferred to the commissioner of health under Minnesota Statutes, section 15.039.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 23. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 144E.37, as Minnesota Statutes, section 144.6062, and make all necessary changes in statutory cross-references in Minnesota Statutes and Minnesota Rules.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 24. **REPEALER.**

Minnesota Statutes 2008, section 144.607, is repealed.

ARTICLE 21

PUBLIC HEALTH

Section 1. Minnesota Statutes 2008, section 62J.692, subdivision 4, is amended to read:

Subd. 4. **Distribution of funds.** (a) Following the distribution described under paragraph (b), the commissioner shall annually distribute the available medical education funds to all qualifying applicants based on a distribution formula that reflects a summation of two factors:

(1) a public program volume factor, which is determined by the total volume of public program revenue received by each training site as a percentage of all public program revenue received by all training sites in the fund pool; and

(2) a supplemental public program volume factor, which is determined by providing a supplemental payment of 20 percent of each training site's grant to training sites whose public program revenue accounted for at least 0.98 percent of the total public program revenue received by all eligible training sites. Grants to training sites whose public program revenue accounted for less than 0.98 percent of the total public program revenue received by all eligible training sites shall be reduced by an amount equal to the total value of the supplemental payment.

Public program revenue for the distribution formula includes revenue from medical assistance, prepaid medical assistance, general assistance medical care, and prepaid general assistance medical care. Training sites that receive no public program revenue are ineligible for funds available under this subdivision. For purposes of determining training-site level grants to be distributed under paragraph (a), total statewide average costs per trainee for medical residents is based on audited clinical training costs per trainee in primary care clinical medical education programs for medical residents. Total statewide average costs per trainee for dental residents is based on audited clinical training costs per trainee in clinical medical education programs for dental students. Total statewide average costs per trainee for pharmacy residents is based on audited clinical training costs per

trainee in clinical medical education programs for pharmacy students.

(b) \$5,350,000 of the available medical education funds shall be distributed as follows:

(1) \$1,475,000 to the University of Minnesota Medical Center-Fairview;

(2) \$2,075,000 to the University of Minnesota School of Dentistry; and

(3) \$1,800,000 to the Academic Health Center. \$150,000 of the funds distributed to the Academic Health Center under this paragraph shall be used for a program to assist internationally trained physicians who are legal residents and who commit to serving underserved Minnesota communities in a health professional shortage area to successfully compete for family medicine residency programs at the University of Minnesota.

(c) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

(d) Funds shall be distributed to the sponsoring institutions indicating the amount to be distributed to each of the sponsor's clinical medical education programs based on the criteria in this subdivision and in accordance with the commissioner's approval letter. Each clinical medical education program must distribute funds allocated under paragraph (a) to the training sites as specified in the commissioner's approval letter. Sponsoring institutions, which are accredited through an organization recognized by the Department of Education or the Centers for Medicare and Medicaid Services, may contract directly with training sites to provide clinical training. To ensure the quality of clinical training, those accredited sponsoring institutions must:

(1) develop contracts specifying the terms, expectations, and outcomes of the clinical training conducted at sites; and

(2) take necessary action if the contract requirements are not met. Action may include the withholding of payments under this section or the removal of students from the site.

(e) Any funds not distributed in accordance with the commissioner's approval letter must be returned to the medical education and research fund within 30 days of receiving notice from the commissioner. The commissioner shall distribute returned funds to the appropriate training sites in accordance with the commissioner's approval letter.

(f) A maximum of \$150,000 of the funds dedicated to the commissioner under section 297F.10, subdivision 1, clause (2), may be used by the commissioner for administrative expenses associated with implementing this section.

Sec. 2. Minnesota Statutes 2009 Supplement, section 157.16, subdivision 3, is amended to read:

Subd. 3. **Establishment fees; definitions.** (a) The following fees are required for food and beverage service establishments, youth camps, hotels, motels, lodging establishments, public pools, and resorts licensed under this chapter. Food and beverage service establishments must pay the highest applicable fee under paragraph (d), clause (1), (2), (3), or (4), and establishments serving alcohol must pay the highest applicable fee under paragraph (d), clause (6) or (7). The license fee for new operators previously licensed under this chapter for the same calendar year is one-half of the appropriate annual license fee, plus any penalty that may be required. The license fee for operators opening on or after October 1 is one-half of the appropriate annual license fee, plus any penalty that

may be required.

(b) All food and beverage service establishments, except special event food stands, and all hotels, motels, lodging establishments, public pools, and resorts shall pay an annual base fee of \$150.

(c) A special event food stand shall pay a flat fee of \$50 annually. "Special event food stand" means a fee category where food is prepared or served in conjunction with celebrations, county fairs, or special events from a special event food stand as defined in section 157.15.

(d) In addition to the base fee in paragraph (b), each food and beverage service establishment, other than a special event food stand, and each hotel, motel, lodging establishment, public pool, and resort shall pay an additional annual fee for each fee category, additional food service, or required additional inspection specified in this paragraph:

(1) Limited food menu selection, \$60. "Limited food menu selection" means a fee category that provides one or more of the following:

- (i) prepackaged food that receives heat treatment and is served in the package;
- (ii) frozen pizza that is heated and served;
- (iii) a continental breakfast such as rolls, coffee, juice, milk, and cold cereal;
- (iv) soft drinks, coffee, or nonalcoholic beverages; or
- (v) cleaning for eating, drinking, or cooking utensils, when the only food served is prepared off site.

(2) Small establishment, including boarding establishments, \$120. "Small establishment" means a fee category that has no salad bar and meets one or more of the following:

- (i) possesses food service equipment that consists of no more than a deep fat fryer, a grill, two hot holding containers, and one or more microwave ovens;
- (ii) serves dipped ice cream or soft serve frozen desserts;
- (iii) serves breakfast in an owner-occupied bed and breakfast establishment;
- (iv) is a boarding establishment; or
- (v) meets the equipment criteria in clause (3), item (i) or (ii), and has a maximum patron seating capacity of not more than 50.

(3) Medium establishment, \$310. "Medium establishment" means a fee category that meets one or more of the following:

- (i) possesses food service equipment that includes a range, oven, steam table, salad bar, or salad preparation area;
- (ii) possesses food service equipment that includes more than one deep fat fryer, one grill, or two hot holding containers; or
- (iii) is an establishment where food is prepared at one location and served at one or more separate locations.

Establishments meeting criteria in clause (2), item (v), are not included in this fee category.

(4) Large establishment, \$540. "Large establishment" means either:

(i) a fee category that (A) meets the criteria in clause (3), items (i) or (ii), for a medium establishment, (B) seats more than 175 people, and (C) offers the full menu selection an average of five or more days a week during the weeks of operation; or

(ii) a fee category that (A) meets the criteria in clause (3), item (iii), for a medium establishment, and (B) prepares and serves 500 or more meals per day.

(5) Other food and beverage service, including food carts, mobile food units, seasonal temporary food stands, and seasonal permanent food stands, \$60.

(6) Beer or wine table service, \$60. "Beer or wine table service" means a fee category where the only alcoholic beverage service is beer or wine, served to customers seated at tables.

(7) Alcoholic beverage service, other than beer or wine table service, \$165.

"Alcohol beverage service, other than beer or wine table service" means a fee category where alcoholic mixed drinks are served or where beer or wine are served from a bar.

(8) Lodging per sleeping accommodation unit, \$10, including hotels, motels, lodging establishments, and resorts, up to a maximum of \$1,000. "Lodging per sleeping accommodation unit" means a fee category including the number of guest rooms, cottages, or other rental units of a hotel, motel, lodging establishment, or resort; or the number of beds in a dormitory.

(9) First public pool, \$325; each additional public pool, \$175. "Public pool" means a fee category that has the meaning given in section 144.1222, subdivision 4.

(10) First spa, \$175; each additional spa, \$100. "Spa pool" means a fee category that has the meaning given in Minnesota Rules, part 4717.0250, subpart 9.

(11) Private sewer or water, \$60. "Individual private water" means a fee category with a water supply other than a community public water supply as defined in Minnesota Rules, chapter 4720. "Individual private sewer" means a fee category with an individual sewage treatment system which uses subsurface treatment and disposal.

(12) Additional food service, \$150. "Additional food service" means a location at a food service establishment, other than the primary food preparation and service area, used to prepare or serve food to the public.

(13) Additional inspection fee, \$360. "Additional inspection fee" means a fee to conduct the second inspection each year for elementary and secondary education facility school lunch programs when required by the Richard B. Russell National School Lunch Act.

(e) A fee for review of construction plans must accompany the initial license application for restaurants, hotels, motels, lodging establishments, resorts, seasonal food stands, and mobile food units. The fee for this construction plan review is as follows:

Service Area	Type	Fee
Food	limited food menu	\$275

	small establishment	\$400
	medium establishment	\$450
	large food establishment	\$500
	additional food service	\$150
Transient food service	food cart	\$250
	seasonal permanent food stand	\$250
	seasonal temporary food stand	\$250
	mobile food unit	\$350
Alcohol	beer or wine table service	\$150
	alcohol service from bar	\$250
Lodging	less than 25 rooms	\$375
	25 to less than 100 rooms	\$400
	100 rooms or more	\$500
	less than five cabins	\$350
	five to less than ten cabins	\$400
	ten cabins or more	\$450

(f) When existing food and beverage service establishments, hotels, motels, lodging establishments, resorts, seasonal food stands, and mobile food units are extensively remodeled, a fee must be submitted with the remodeling plans. The fee for this construction plan review is as follows:

Service Area	Type	Fee
Food	limited food menu	\$250
	small establishment	\$300
	medium establishment	\$350
	large food establishment	\$400
	additional food service	\$150
Transient food service	food cart	\$250
	seasonal permanent food stand	\$250
	seasonal temporary food stand	\$250
	mobile food unit	\$250
Alcohol	beer or wine table service	\$150
	alcohol service from bar	\$250
Lodging	less than 25 rooms	\$250

25 to less than 100 rooms	\$300
100 rooms or more	\$450
less than five cabins	\$250
five to less than ten cabins	\$350
ten cabins or more	\$400

(g) Special event food stands are not required to submit construction or remodeling plans for review.

(h) Youth camps shall pay an annual single fee for food and lodging as follows:

- (1) camps with up to 99 campers, \$325;
- (2) camps with 100 to 199 campers, \$550; and
- (3) camps with 200 or more campers, \$750.

(i) A youth camp which pays fees under paragraph (d) is not required to pay fees under paragraph (h).

Sec. 3. Minnesota Statutes 2009 Supplement, section 327.15, subdivision 3, is amended to read:

Subd. 3. Fees, manufactured home parks and recreational camping areas. (a) The following fees are required for manufactured home parks and recreational camping areas licensed under this chapter. Recreational camping areas and manufactured home parks shall pay the highest applicable base fee under paragraph ~~(e)~~ (b). The license fee for new operators of a manufactured home park or recreational camping area previously licensed under this chapter for the same calendar year is one-half of the appropriate annual license fee, plus any penalty that may be required. The license fee for operators opening on or after October 1 is one-half of the appropriate annual license fee, plus any penalty that may be required.

(b) All manufactured home parks and recreational camping areas shall pay the following annual base fee:

- (1) a manufactured home park, \$150; and
- (2) a recreational camping area with:
 - (i) 24 or less sites, \$50;
 - (ii) 25 to 99 sites, \$212; and
 - (iii) 100 or more sites, \$300.

In addition to the base fee, manufactured home parks and recreational camping areas shall pay \$4 for each licensed site. This paragraph does not apply to special event recreational camping areas ~~or to~~. Operators of a manufactured home park or a recreational camping area also licensed under section 157.16 for the same location shall pay only one base fee, whichever is the highest of the base fees found in this section or section 157.16.

(c) In addition to the fee in paragraph (b), each manufactured home park or recreational camping

area shall pay an additional annual fee for each fee category specified in this paragraph:

(1) Manufactured home parks and recreational camping areas with public swimming pools and spas shall pay the appropriate fees specified in section 157.16.

(2) Individual private sewer or water, \$60. "Individual private water" means a fee category with a water supply other than a community public water supply as defined in Minnesota Rules, chapter 4720. "Individual private sewer" means a fee category with a subsurface sewage treatment system which uses subsurface treatment and disposal.

(d) The following fees must accompany a plan review application for initial construction of a manufactured home park or recreational camping area:

- (1) for initial construction of less than 25 sites, \$375;
- (2) for initial construction of 25 to 99 sites, \$400; and
- (3) for initial construction of 100 or more sites, \$500.

(e) The following fees must accompany a plan review application when an existing manufactured home park or recreational camping area is expanded:

- (1) for expansion of less than 25 sites, \$250;
- (2) for expansion of 25 to 99 sites, \$300; and
- (3) for expansion of 100 or more sites, \$450.

Sec. 4. FOOD SUPPORT FOR CHILDREN WITH SEVERE ALLERGIES.

The commissioner of human services must seek a federal waiver from the federal Department of Agriculture, Food and Nutrition Service, for the supplemental nutrition assistance program, to increase the income eligibility requirements to 375 percent of the federal poverty guidelines, in order to cover nutritional food products required to treat or manage severe food allergies, including allergies to wheat and gluten, for infants and children who have been diagnosed with life-threatening severe food allergies.

ARTICLE 22

HEALTH CARE REFORM

Section 1. [62E.20] RELATIONSHIP TO TEMPORARY FEDERAL HIGH-RISK POOL.

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

(b) "Association" means the Minnesota Comprehensive Health Association.

(c) "Federal law" means Title I, subtitle B, section 1101, of the federal Patient Protection and Affordable Care Act, Public Law 111-148, including any federal regulations adopted under it.

(d) "Federal qualified high-risk pool" means an arrangement established by the federal secretary of health and human services that meets the requirements of the federal law.

Subd. 2. **Timing of this section.** This section applies beginning the date the temporary federal qualified high-risk health pool created under the federal law begins to provide coverage in this state.

Subd. 3. **Maintenance of effort.** The assessments made by the comprehensive health association on its member insurers must comply with the maintenance of effort requirement contained in paragraph (b), clause (3), of the federal law, to the extent that the requirement applies to assessments made by the association.

Subd. 4. **Coordination with state health care programs.** The commissioner of commerce and the Minnesota Comprehensive Health Association shall ensure that applicants for coverage through the federal qualified high-risk pool, or through the Minnesota Comprehensive Health Association, are referred to the medical assistance or MinnesotaCare programs if they are determined to be potentially eligible for coverage through those programs. The commissioner of human services shall ensure that applicants for coverage under medical assistance or MinnesotaCare who are determined not to be eligible for those programs are provided information about coverage through the federal qualified high-risk pool and the Minnesota Comprehensive Health Association.

Subd. 5. **Federal funding.** Minnesota shall coordinate its efforts with the United States Department of Health and Human Services (HHS) to obtain the federal funds to implement in Minnesota the federal qualified high-risk pool.

Sec. 2. [256B.0756] COORDINATED CARE THROUGH A HEALTH HOME.

Subdivision 1. **Provision of coverage.** (a) The commissioner shall provide medical assistance coverage of health home services for eligible individuals with chronic conditions who select a designated provider, a team of health care professionals, or a health team as the individual's health home.

(b) The commissioner shall implement this section in compliance with the requirements of the state option to provide health homes for enrollees with chronic conditions, as provided under the Patient Protection and Affordable Care Act, Public Law 111-148, sections 2703 and 3502. Terms used in this section have the meaning provided in that act.

Subd. 2. **Eligible individual.** An individual is eligible for health home services under this section if the individual is eligible for medical assistance under this chapter and has at least:

- (1) two chronic conditions;
- (2) one chronic condition and is at risk of having a second chronic condition; or
- (3) one serious and persistent mental health condition.

Subd. 3. **Health home services.** (a) Health home services means comprehensive and timely high-quality services that are provided by a health home. These services include:

- (1) comprehensive care management;
- (2) care coordination and health promotion;
- (3) comprehensive transitional care, including appropriate follow-up, from inpatient to other settings;

(4) patient and family support, including authorized representatives;

(5) referral to community and social support services, if relevant; and

(6) use of health information technology to link services, as feasible and appropriate.

(b) The commissioner shall maximize the number and type of services included in this subdivision to the extent permissible under federal law, including physician, outpatient, mental health treatment, and rehabilitation services necessary for comprehensive transitional care following hospitalization.

Subd. 4. **Health teams.** The commissioner shall establish health teams to support the patient-centered health home and provide the services described in subdivision 3 to individuals eligible under subdivision 2. The commissioner shall apply for grants or contracts as provided under section 3502 of the Patient Protection and Affordable Care Act to establish health teams and provide capitated payments to primary care providers. For purposes of this section, "health teams" means community-based, interdisciplinary, inter-professional teams of health care providers that support primary care practices. These providers may include medical specialists, nurses, advanced practice registered nurses, pharmacists, nutritionists, social workers, behavioral and mental health providers, doctors of chiropractic, licensed complementary and alternative medicine practitioners, and physician assistants.

Subd. 5. **Payments.** The commissioner shall make payments to each health home and each health team for the provision of health home services to each eligible individual with chronic conditions that selects the health home as a provider.

Subd. 6. **Coordination.** The commissioner, to the extent feasible, shall ensure that the requirements and payment methods for health homes and health teams developed under this section are consistent with the requirements and payment methods for health care homes established under sections 256B.0751 and 256B.0753. The commissioner may modify requirements and payment methods under sections 256B.0751 and 256B.0753 in order to be consistent with federal health home requirements and payment methods.

Subd. 7. **State plan amendment.** The commissioner shall submit a state plan amendment to implement this section to the federal Centers for Medicare and Medicaid Services by January 1, 2011.

EFFECTIVE DATE. This section is effective January 1, 2011, or upon federal approval, whichever is later.

Sec. 3. **FEDERAL HEALTH CARE REFORM DEMONSTRATION PROJECTS AND GRANTS.**

(a) The commissioner of human services shall seek to participate in the following demonstration projects, or apply for the following grants, as described in the federal Patient Protection and Affordable Care Act, Public Law 111-148:

(1) the demonstration project to evaluate integrated care around a hospitalization, Public Law 111-148, section 2704;

(2) the Medicaid global payment system demonstration project, Public Law 111-148, section

2705, including a demonstration project for the specific population of childless adults under 75 percent of federal poverty guidelines that were to be served by the general assistance medical care program;

(3) the pediatric accountable care organization demonstration project, Public Law 111-148, section 2706;

(4) the Medicaid emergency psychiatric demonstration project, Public Law 111-148, section 2707; and

(5) grants to provide incentives for prevention of chronic diseases in Medicaid, Public Law 111-148, section 4108.

(b) The commissioner of human services shall report to the chairs and ranking minority members of the house of representatives and senate committees or divisions with jurisdiction over health care policy and finance on the status of the demonstration project and grant applications. If the state is accepted as a demonstration project participant, or is awarded a grant, the commissioner shall notify the chairs and ranking minority members of those committees or divisions of any legislative changes necessary to implement the demonstration projects or grants.

(c) The commissioner of health shall apply for federal grants available under the federal Patient Protection and Affordable Care Act, Public Law 111-148, for purposes of funding wellness and prevention, and health improvement programs. To the extent possible under federal law, the commissioner of health must utilize the state health improvement program, established under Minnesota Statutes, section 145.986, to implement grant programs related to wellness and prevention, and health improvement, for which the state receives funding under the federal Patient Protection and Affordable Care Act, Public Law 111-148.

Sec. 4. **HEALTH CARE REFORM TASK FORCE.**

Subdivision 1. **Task force.** (a) The governor shall convene a Health Care Reform Task Force to advise and assist the governor and the legislature regarding state implementation of federal health care reform legislation. For purposes of this section, "federal health care reform legislation" means the Patient Protection and Affordable Care Act, Public Law 111-148, and the health care reform provisions in the Health Care and Education Reconciliation Act of 2010, Public Law 111-152. The task force shall consist of:

(1) two legislators from the house of representatives appointed by the speaker and two legislators from the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration;

(2) two representatives appointed by the governor to represent the governor and state agencies;

(3) three persons appointed by the governor who have demonstrated leadership in health care organizations, health plan companies, or health care trade or professional associations;

(4) three persons appointed by the governor who have demonstrated leadership in employer and group purchaser activities related to health system improvement of whom two must be from a labor organization and one from the business community; and

(5) five persons appointed by the governor who have demonstrated expertise in the areas of

health care financing, access, and quality.

The governor is exempt from the requirements of the open appointments process for purposes of appointing task force members. Members shall be appointed for one-year terms and may be reappointed.

(b) The Department of Health, Department of Human Services, and Department of Commerce shall provide staff support to the task force. The task force may accept outside resources to help support its efforts.

(c) Task force members must be appointed by July 1, 2010. The task force must hold its first meeting by July 15, 2010.

Subd. 2. **Duties.** (a) By December 15, 2010, the task force shall develop and present to the legislature and the governor a preliminary report and recommendations on state implementation of federal health care reform legislation. The report must include recommendations for state law and program changes necessary to comply with the federal health care reform legislation, and also recommendations for implementing provisions of the federal legislation that are optional for states. In developing recommendations, the task force shall consider the extent to which an approach maximizes federal funding to the state.

(b) The task force, in consultation with the governor and the legislature, shall also establish timelines and criteria for future reports on state implementation of the federal health care reform legislation.

Sec. 5. AMERICAN HEALTH BENEFIT EXCHANGE; PLANNING PROVISIONS.

Subdivision 1. **Federal planning grants.** The commissioners of commerce, health, and human services shall jointly or separately apply to the federal secretary of health and human services for one or more planning grants, including renewal grants, authorized under section 1311 of the Patient Protection and Affordable Care Act, Public Law 111-148, including any future amendments of that provision, relating to state creation of American Health Benefit Exchanges.

Subd. 2. **Consideration of early creation and operation of exchange.** (a) The commissioners referenced in subdivision 1 shall analyze the advantages and disadvantages to the state of planning to have a state health insurance exchange, similar to an American Health Benefit Exchange referenced in subdivision 1, begin prior to the federal deadline of January 1, 2014.

(b) The commissioners shall provide a written report to the legislature on the results of the analysis required under paragraph (a) no later than December 15, 2010. The written report must comply with Minnesota Statutes, sections 3.195 and 3.197.

ARTICLE 23

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

<u>2010</u>	<u>2011</u>	<u>Total</u>
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106TH DAY]

SATURDAY, MAY 15, 2010

12209

<u>General</u>	\$	<u>(109,876,000)</u>	\$	<u>(28,344,000)</u>	\$	<u>(138,220,000)</u>
<u>Health Care Access</u>	\$	<u>99,654,000</u>	\$	<u>276,500,000</u>	\$	<u>376,154,000</u>
<u>Federal TANF</u>	\$	<u>(9,830,000)</u>	\$	<u>15,133,000</u>	\$	<u>5,303,000</u>
<u>Total</u>	\$	<u>(20,052,000)</u>	\$	<u>263,289,000</u>	\$	<u>243,237,000</u>

Sec. 2. DEPARTMENT OF HUMAN SERVICES APPROPRIATION.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from appropriations listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011. Supplemental appropriations and reductions for the fiscal year ending June 30, 2010, are effective the day following final enactment unless a different effective date is explicit.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 **2011**

Sec. 3. DEPARTMENT OF HUMAN SERVICES

Subdivision 1. <u>Total Appropriation</u>	\$	<u>(20,052,000)</u>	\$	<u>263,289,000</u>
<u>Appropriations by Fund</u>				
		<u>2010</u>		<u>2011</u>
<u>General</u>		<u>(109,876,000)</u>		<u>(28,344,000)</u>
<u>Health Care Access</u>		<u>99,654,000</u>		<u>276,500,000</u>
<u>Federal TANF</u>		<u>(9,830,000)</u>		<u>15,133,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Revenue and Pass-through

<u>Appropriations by Fund</u>		
<u>Federal TANF</u>	<u>390,000</u>	<u>(251,000)</u>

Subd. 3. Children and Economic Assistance Grants

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>4,489,000</u>	<u>(4,140,000)</u>
<u>Federal TANF</u>	<u>(10,220,000)</u>	<u>15,384,000</u>

The amounts that may be spent from this appropriation are as follows:

(a) MFIP Grants

<u>General</u>	<u>7,916,000</u>	<u>(14,481,000)</u>
<u>Federal TANF</u>	<u>(10,220,000)</u>	<u>15,384,000</u>

(b) MFIP Child Care Assistance Grants (7,832,000) 2,579,000

(c) General Assistance Grants 875,000 1,339,000

(d) Minnesota Supplemental Aid Grants 2,454,000 3,843,000

(e) Group Residential Housing Grants 1,076,000 2,580,000

Subd. 4. Basic Health Care Grants

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>(62,770,000)</u>	<u>29,192,000</u>
<u>Health Care Access</u>	<u>99,654,000</u>	<u>276,500,000</u>

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) MinnesotaCare Grants

Health Care Access 99,654,000 276,500,000

(b) Medical Assistance Basic Health Care - Families and Children 1,165,000 24,146,000

(c) Medical Assistance Basic Health Care - Elderly and Disabled (63,935,000) 5,046,000

Subd. 5. Continuing Care Grants (51,595,000) (53,396,000)

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) <u>Medical Assistance Long-Term Care Facilities</u>	<u>(3,774,000)</u>	<u>(8,275,000)</u>
(b) <u>Medical Assistance Long-Term Care Waivers</u>	<u>(27,710,000)</u>	<u>(22,452,000)</u>
(c) <u>Chemical Dependency Entitlement Grants</u>	<u>(20,111,000)</u>	<u>(22,669,000)</u>

Sec. 4. EFFECTIVE DATE.

This article is effective the day following final enactment.

ARTICLE 24

HUMAN SERVICES CONTINGENT APPROPRIATIONS

Section 1. SUMMARY OF HUMAN SERVICES APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations, by fund, made in this bill.

	<u>2010</u>		<u>2011</u>		<u>Total</u>	
<u>General</u>	\$	<u>-0-</u>	\$	<u>13,383,000</u>	\$	<u>13,383,000</u>
<u>Health Care Access</u>		<u>-0-</u>		<u>686,000</u>		<u>686,000</u>
<u>Total</u>	\$	<u>-0-</u>	\$	<u>14,069,000</u>	\$	<u>14,069,000</u>

Sec. 2. HEALTH AND HUMAN SERVICES CONTINGENT APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2, to the agency and for the purposes specified in this bill. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this bill mean that the addition to or subtraction from the appropriation listed under them is available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 2011

Sec. 3. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation \$ -0- \$ 14,069,000

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>-0-</u>	<u>13,383,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>686,000</u>

The appropriations for each purpose are shown in the following subdivisions.

Subd. 2. **Basic Health Care Grants**

<u>(a) MinnesotaCare Grants</u>	<u>-0-</u>	<u>686,000</u>
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This appropriation is from the health care access fund.

<u>(b) Medical Assistance Basic Health Care Grants - Families and Children</u>	<u>-0-</u>	<u>6,297,000</u>
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<u>(c) Medical Assistance Basic Health Care Grants - Elderly and Disabled</u>	<u>-0-</u>	<u>3,697,000</u>
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Subd. 3. **Continuing Care Grants**

<u>(a) Medical Assistance - Long-Term Care Facilities Grants</u>	<u>-0-</u>	<u>2,486,000</u>
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<u>(b) Medical Assistance Grants - Long-Term Care Waivers and Home Care Grants</u>	<u>-0-</u>	<u>547,000</u>
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<u>(c) Chemical Dependency Entitlement Grants</u>	<u>-0-</u>	<u>356,000</u>
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EFFECTIVE DATE. This section is effective upon enactment of an extension of the enhanced federal medical assistance percentage (FMAP) under Public Law 111-5, section 5001, to at least June 30, 2011.

Sec. 4. Minnesota Statutes 2008, section 256B.0625, subdivision 22, is amended to read:

Subd. 22. **Hospice care.** Medical assistance covers hospice care services under Public Law 99-272, section 9505, to the extent authorized by rule, except that a recipient age 21 or under who elects to receive hospice services does not waive coverage for services that are related to the treatment of the condition for which a diagnosis of terminal illness has been made.

EFFECTIVE DATE. This section is effective retroactive from March 23, 2010.

Sec. 5. Minnesota Statutes 2009 Supplement, section 256B.0911, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

(a) "Long-term care consultation services" means:

(1) assistance in identifying services needed to maintain an individual in the most inclusive environment;

(2) providing recommendations on cost-effective community services that are available to the

individual;

(3) development of an individual's person-centered community support plan;

(4) providing information regarding eligibility for Minnesota health care programs;

(5) face-to-face long-term care consultation assessments, which may be completed in a hospital, nursing facility, intermediate care facility for persons with developmental disabilities (ICF/DDs), regional treatment centers, or the person's current or planned residence;

(6) federally mandated screening to determine the need for a institutional level of care under section 256B.0911, ~~subdivision 4, paragraph (a)~~ subdivision 4a;

(7) determination of home and community-based waiver service eligibility including level of care determination for individuals who need an institutional level of care as defined under section 144.0724, subdivision 11, or 256B.092, service eligibility including state plan home care services identified in section 256B.0625, subdivisions 6, 7, and 19, paragraphs (a) and (c), based on assessment and support plan development with appropriate referrals;

(8) providing recommendations for nursing facility placement when there are no cost-effective community services available; and

(9) assistance to transition people back to community settings after facility admission.

(b) "Long-term care options counseling" means the services provided by the linkage lines as mandated by sections 256.01 and 256.975, subdivision 7, and also includes telephone assistance and follow up once a long-term care consultation assessment has been completed.

(c) "Minnesota health care programs" means the medical assistance program under chapter 256B and the alternative care program under section 256B.0913.

(d) "Lead agencies" means counties or a collaboration of counties, tribes, and health plans administering long-term care consultation assessment and support planning services.

Sec. 6. Minnesota Statutes 2008, section 256B.19, subdivision 1c, is amended to read:

Subd. 1c. **Additional portion of nonfederal share.** (a) Hennepin County shall be responsible for a monthly transfer payment of \$1,500,000, due before noon on the 15th of each month and the University of Minnesota shall be responsible for a monthly transfer payment of \$500,000 due before noon on the 15th of each month, beginning July 15, 1995. These sums shall be part of the designated governmental unit's portion of the nonfederal share of medical assistance costs.

(b) Beginning July 1, 2001, Hennepin County's payment under paragraph (a) shall be \$2,066,000 each month.

(c) Beginning July 1, 2001, the commissioner shall increase annual capitation payments to the metropolitan health plan under section 256B.69 for the prepaid medical assistance program by approximately \$3,400,000, ~~plus any available federal matching funds,~~ \$6,800,000 to recognize higher than average medical education costs.

(d) Effective August 1, 2005, Hennepin County's payment under paragraphs (a) and (b) shall be reduced to \$566,000, and the University of Minnesota's payment under paragraph (a) shall be

reduced to zero. Effective October 1, 2008, to December 31, 2010, Hennepin County's payment under paragraphs (a) and (b) shall be \$434,688. Effective January 1, 2011, Hennepin County's payment under paragraphs (a) and (b) shall be \$566,000.

(e) Notwithstanding paragraph (d), upon federal enactment of an extension to June 30, 2011, of the enhanced federal medical assistance percentage (FMAP) originally provided under Public Law 111-5, for the six-month period from January 1, 2011, to June 30, 2011, Hennepin County's payment under paragraphs (a) and (b) shall be \$434,688.

Sec. 7. Minnesota Statutes 2008, section 256L.15, subdivision 1, is amended to read:

Subdivision 1. **Premium determination.** (a) Families with children and individuals shall pay a premium determined according to subdivision 2.

(b) Pregnant women and children under age two are exempt from the provisions of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment for failure to pay premiums. For pregnant women, this exemption continues until the first day of the month following the 60th day postpartum. Women who remain enrolled during pregnancy or the postpartum period, despite nonpayment of premiums, shall be disenrolled on the first of the month following the 60th day postpartum for the penalty period that otherwise applies under section 256L.06, unless they begin paying premiums.

(c) Members of the military and their families who meet the eligibility criteria for MinnesotaCare upon eligibility approval made within 24 months following the end of the member's tour of active duty shall have their premiums paid by the commissioner. The effective date of coverage for an individual or family who meets the criteria of this paragraph shall be the first day of the month following the month in which eligibility is approved. This exemption applies for 12 months. This paragraph expires June 30, 2010. If the expiration of this provision is in violation of section 5001 of Public Law 111-5, this provision will expire on the date when it is no longer subject to section 5001 of Public Law 111-5. The commissioner of human services shall notify the revisor of statutes of that date.

Sec. 8. Laws 2005, First Special Session chapter 4, article 8, section 66, as amended by Laws 2009, chapter 173, article 3, section 24, the effective date, is amended to read:

EFFECTIVE DATE. Paragraph (a) is effective August 1, 2009, ~~and~~ upon federal approval and on the date when it is no longer subject to the maintenance of effort requirements of section 5001 of Public Law 111-5. The commissioner of human services shall notify the revisor of statutes of that date. Paragraph (e) is effective September 1, 2006.

Sec. 9. Laws 2009, chapter 79, article 5, section 17, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective January 1, 2011, or upon federal approval, ~~whichever is later~~ and on the date when it is no longer subject to the maintenance of effort requirements of section 5001 of Public Law 111-5. The commissioner of human services shall notify the revisor of statutes of that date.

Sec. 10. Laws 2009, chapter 79, article 5, section 18, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective ~~January 1, 2011~~ upon federal approval and on the date when it is no longer subject to the maintenance of effort requirements of section 5001 of

Public Law 111-5. The commissioner of human services shall notify the revisor of statutes when federal approval is obtained.

Sec. 11. Laws 2009, chapter 79, article 5, section 22, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for periods of ineligibility established on or after January 1, 2011, unless it is in violation of section 5001 of Public Law 111-5. If it is in violation of that section, then it shall be effective on the date when it is no longer subject to maintenance of effort requirements of section 5001 of Public Law 111-5. The commissioner of human services shall notify the revisor of statutes of that date.

Sec. 12. Laws 2009, chapter 79, article 8, section 4, the effective date, is amended to read:

EFFECTIVE DATE. The section is effective ~~January~~ July 1, 2011.

Sec. 13. Laws 2009, chapter 173, article 1, section 17, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective for pooled trust accounts established on or after January 1, 2011, unless it is in violation of section 5001 of Public Law 111-5. If it is in violation of that section, then it shall be effective on the date when it is no longer subject to maintenance of effort requirements of section 5001 of Public Law 111-5. The commissioner of human services shall notify the revisor of statutes of that date.

ARTICLE 25

HEALTH AND HUMAN SERVICES APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

The amounts shown in this section summarize direct appropriations by fund made in this article.

	<u>2010</u>	<u>2011</u>	<u>Total</u>
General	\$ (6,784,000)	\$ 210,746,000	\$ 203,962,000
State Government Special Revenue	113,000	624,000	737,000
Health Care Access	998,000	(1,276,000)	(278,000)
Federal TANF	8,000,000	20,000,000	28,000,000
Special Revenue	-0-	93,000	93,000
Total	\$ 2,327,000	\$ 230,187,000	\$ 232,514,000

Sec. 2. HEALTH AND HUMAN SERVICES APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are added to or, if shown in parentheses, subtracted from the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2, to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the addition to or subtraction from appropriations listed under them is available for the fiscal

year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011. Supplemental appropriations and reductions for the fiscal year ending June 30, 2010, are effective the day following final enactment unless a different effective date is explicit.

APPROPRIATIONS
Available for the Year
Ending June 30
2010 **2011**

Sec. 3. **COMMISSIONER OF HUMAN SERVICES**

<u>Subdivision 1. Total Appropriation</u>	\$	<u>4,409,000</u>	\$	<u>226,513,000</u>
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Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>(4,589,000)</u>	<u>209,026,000</u>
<u>Health Care Access</u>	<u>998,000</u>	<u>(2,513,000)</u>
<u>Federal TANF</u>	<u>8,000,000</u>	<u>20,000,000</u>

The appropriation modifications for each purpose are shown in the following subdivisions.

TANF Financing and Maintenance of Effort. The commissioner, with the approval of the commissioner of management and budget, and after notification of the chairs of the relevant senate budget division and house of representatives finance division, may adjust the amount of TANF transfers between the MFIP transition year child care assistance program and MFIP grant programs within the fiscal year and within the current biennium and the biennium ending June 30, 2013, to ensure that state and federal match and maintenance of effort requirements are met. These transfers and amounts shall be reported to the chairs of the senate and house of representatives Finance Committees, the senate Health and Human Services Budget Division, and the house of representatives Health Care and Human Services Finance Division and Early Childhood Finance and Policy Division by December 1 of each fiscal

year. Notwithstanding any contrary provision in this article, this paragraph expires June 30, 2013.

SNAP Enhanced Administrative Funding.

The funds available for administration of the Supplemental Nutrition Assistance Program under the Department of Defense Appropriations Act of 2010, Public Law 111-118, are appropriated to the commissioner to pay the actual costs of providing for increased eligibility determinations, caseload-related costs, timely application processing, and quality control. Of these funds, 20 percent shall be allocated to the commissioner and 80 percent shall be allocated to counties. The commissioner shall allocate the county portion based on recent caseload. Reimbursement shall be based on actual costs reported by counties through existing processes. Tribal reimbursement must be made from the state portion, based on a caseload factor equivalent to that of a county.

TANF Summer Food Programs - TANF Emergency Fund Non-Recurrent Short-Term Benefits.

In addition to the TANF emergency fund (TEF) non-recurrent short-term benefits provided in this subdivision, the commissioner may supplement funds available under Minnesota Statutes, section 256E.34 to provide for summer food programs to the extent such funds are available and eligible to leverage TANF emergency funds non-recurrent benefits. The commissioner may contract directly with providers or third-party funders to maximize these TANF emergency fund grants. Up to \$800,000 of TEF non-recurrent short-term benefit earnings may be used in this program. This paragraph is effective the day following final enactment.

TANF Transfer to Federal Child Care and Development Fund. Of the TANF appropriation in fiscal year 2011, \$12,500,000 is to the commissioner for the purposes of

MFIP and transition year child care under Minnesota Statutes, section 119B.05. The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

Special Revenue Fund Transfers. (a) The commissioner shall transfer the following amounts from special revenue fund balances to the general fund by June 30 of each respective fiscal year: \$613,000 in fiscal year 2010, and \$493,000 in fiscal year 2011. This provision is effective the day following final enactment.

(b) The actual transfers made under paragraph (a) must be separately identified and reported as part of the quarterly reporting of transfers to the chairs of the relevant senate budget division and house of representatives finance division.

Subd. 2. Agency Management

(a) Financial Operations -0- 103,000

Base Adjustment. The general fund base is decreased by \$10,000 in fiscal year 2012 and \$10,000 in fiscal year 2013.

(b) Legal and Regulatory Operations -0- 114,000

Base Adjustment. The general fund base is decreased by \$18,000 in fiscal year 2012 and \$18,000 in fiscal year 2013.

(c) Management Operations -0- (114,000)

Base Adjustment. The general fund base is increased by \$18,000 in fiscal year 2012 and \$18,000 in fiscal year 2013.

(d) Information Technology Operations -0- (2,500,000)

Base Adjustment. The general fund base is

decreased by \$1,666,000 in fiscal year 2012 and \$1,666,000 in fiscal year 2013.

Subd. 3. Revenue and Pass-Through Revenue Expenditures

8,000,000

20,000,000

These appropriations are from the federal TANF fund.

TANF Funding for the Working Family Tax Credit. In addition to the amounts specified in Minnesota Statutes, section 290.0671, subdivision 6, \$15,500,000 of TANF funds in fiscal year 2010 are appropriated to the commissioner to reimburse the general fund for the cost of the working family tax credit for eligible families. With respect to the amounts appropriated for fiscal year 2010, the commissioner shall reimburse the general fund by June 30, 2010. This paragraph is effective the day following final enactment.

Child Care Development Fund Unexpended Balance. In addition to the amount provided in this section, the commissioner shall carry over and expend in fiscal year 2011 \$7,500,000 of the TANF funds transferred in fiscal year 2010 that reflect the child care and development fund unexpended balance for the basic sliding fee child care assistance program under Minnesota Statutes, section 119B.03. The commissioner shall ensure that all funds are expended according to the federal child care and development fund regulations relating to the TANF transfers.

Base Adjustment. The general fund base is increased by \$7,500,000 in fiscal year 2012 and \$7,500,000 in fiscal year 2013.

Subd. 4. Economic Support Grants

(a) Support Services Grants

-0-

-0-

Base Adjustment. The federal TANF fund base is decreased by \$5,004,000 in fiscal year 2012 and \$5,004,000 in fiscal year 2013.

<u>(b) MFIP/DWP Grants</u>	<u>-0-</u>	<u>(1,583,000)</u>
<u>(c) Basic Sliding Fee Child Care Assistance Grants</u>	<u>-0-</u>	<u>(7,500,000)</u>
<u>(d) Children's Services Grants</u>	<u>(900,000)</u>	<u>-0-</u>

Adoption Assistance. Of the appropriation reduction in fiscal year 2010, \$900,000 is from the adoption assistance program. This reduction is onetime.

<u>(e) Child and Community Services Grants</u>	<u>-0-</u>	<u>(16,750,000)</u>
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Base adjustment. The general fund is increased by \$13,509,000 in fiscal year 2012 and \$13,509,000 in fiscal year 2013.

<u>(f) Group Residential Housing Grants</u>	<u>-0-</u>	<u>84,000</u>
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Reduction of Supplemental Service Rate. Effective July 1, 2011, to June 30, 2013, the commissioner shall decrease the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, by five percent for services rendered on or after that date, except that reimbursement rates for a group residential housing facility reimbursed as a nursing facility shall not be reduced. The reduction in this paragraph is in addition to the reduction under Laws 2009, chapter 79, article 8, section 79, paragraph (b), clause (11).

Base Adjustment. The general fund base is decreased by \$784,000 in fiscal year 2012 and \$784,000 in fiscal year 2013.

<u>(g) Children's Mental Health Grants</u>	<u>(200,000)</u>	<u>(200,000)</u>
<u>(h) Other Children's and Economic Assistance Grants</u>	<u>400,000</u>	<u>213,000</u>

Minnesota Food Assistance Program. Of the 2011 appropriation, \$150,000 is for the Minnesota Food Assistance Program. This appropriation is onetime.

Of this appropriation, \$400,000 in fiscal year 2010 and \$63,000 in fiscal year 2011 is for food shelf programs under Minnesota Statutes, section 256E.34. This appropriation is available until spent.

Base Adjustment. The general fund base is decreased by \$20,000 in fiscal year 2012 and decreased by \$510,000 in fiscal year 2013.

Subd. 5. Children and Economic Assistance Management

(a) Children and Economic Assistance Administration

-0-

-0-

Base Adjustment. The federal TANF fund base is decreased by \$700,000 in fiscal year 2012 and \$700,000 in fiscal year 2013.

(b) Children and Economic Assistance Operations

-0-

195,000

Base Adjustment. The general fund base is decreased by \$12,000 in fiscal year 2012 and \$12,000 in fiscal year 2013.

Subd. 6. Health Care Grants

(a) MinnesotaCare Grants

998,000

4,269,000

This appropriation is from the health care access fund.

Health Care Access Fund Transfer to General Fund. The commissioner of management and budget shall transfer \$998,000 in fiscal year 2010 and \$194,404,000 in fiscal year 2011 from the health care access fund to the general fund. This paragraph is effective the day following final enactment.

The amount of this transfer is \$178,682,000 in fiscal year 2012 and \$286,150,000 in fiscal year 2013.

MinnesotaCare Ratable Reduction. Effective for services rendered on or after July 1, 2010, to December 31, 2013,

MinnesotaCare payments to managed care plans under Minnesota Statutes, section 256L.12, for single adults and households without children whose income is greater than 75 percent of federal poverty guidelines shall be reduced by 15 percent. Effective for services provided from July 1, 2010, to June 30, 2011, this reduction shall apply to all services. Effective for services provided from July 1, 2011, to December 31, 2013, this reduction shall apply to all services except inpatient hospital services. Notwithstanding any contrary provision of this article, this paragraph shall expire on December 31, 2013.

(b) Medical Assistance Basic Health Care Grants - Families and Children

-0- 314,662,000

Critical Access Dental. Of the general fund appropriation, \$731,000 in fiscal year 2011 is to the commissioner for critical access dental provider reimbursement payments under Minnesota Statutes, section 256B.76 subdivision 4. This is a onetime appropriation.

Nonadministrative Rate Reduction. For services rendered on or after July 1, 2010, to December 31, 2013, the commissioner shall reduce contract rates paid to managed care plans under Minnesota Statutes, sections 256B.69 and 256L.12, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, by three percent of the contract rate attributable to nonadministrative services in effect on June 30, 2010. Notwithstanding any contrary provision in this article, this rider expires on December 31, 2013.

(c) Medical Assistance Basic Health Care Grants - Elderly and Disabled

-0- (6,309,000)

MnDHO Transition. Of the general fund appropriation for fiscal year 2011, \$250,000 is to the commissioner to be made available to county agencies to assist in the transition of the approximately 1,290 current MnDHO

members to the fee-for-service Medicaid program or another managed care option by January 1, 2011.

County agencies shall work with the commissioner, health plans, and MnDHO members and their legal representatives to develop and implement transition plans that include:

(1) identification of service needs of MnDHO members based on the current assessment or through the completion of a new assessment;

(2) identification of services currently provided to MnDHO members and which of those services will continue to be reimbursable through fee-for-service or another managed care option under the Medicaid state plan or a home and community-based waiver program;

(3) identification of service providers who do not have a contract with the county or who are currently reimbursed at a different rate than the county contracted rate; and

(4) development of an individual service plan that is within allowable waiver funding limits.

<u>(d) General Assistance Medical Care Grants</u>	<u>-0-</u>	<u>(75,389,000)</u>
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<u>(e) Other Health Care Grants</u>	<u>-0-</u>	<u>(7,000,000)</u>
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Cobra Carryforward. Unexpended funds appropriated in fiscal year 2010 for COBRA grants under Laws 2009, chapter 79, article 5, section 78, do not cancel and are available to the commissioner for fiscal year 2011 COBRA grant expenditures. Up to \$111,000 of the fiscal year 2011 appropriation for COBRA grants provided in Laws 2009, chapter 79, article 13, section 3, subdivision 6, may be used by the commissioner for costs related to administration of the COBRA grants.

Subd. 7. **Health Care Management**

(a) Health Care Administration-0-442,000

Fiscal Note Report. Of this appropriation, \$50,000 in fiscal year 2011 is for a transfer to the commissioner of Minnesota Management and Budget for the completion of the human services fiscal note report in article 5.

PACE Implementation Funding. For fiscal year 2011, \$145,000 is appropriated from the general fund to the commissioner of human services to complete the actuarial and administrative work necessary to begin the operation of PACE under Minnesota Statutes, section 256B.69, subdivision 23, paragraph (e). Base level funding for this activity shall be \$130,000 in fiscal year 2012 and \$0 in fiscal year 2013.

Minnesota Senior Health Options Reimbursement. Effective July 1, 2011, federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity. Notwithstanding any contrary provision, this provision expires June 30, 2013.

Utilization Review. Effective July 1, 2011, federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization shall be dedicated to, and is appropriated to, the commissioner for these activities. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance. Notwithstanding any contrary provision of this article, this paragraph expires June 30, 2013.

Certified Public Expenditures. (1) The entities named in Minnesota Statutes, section 256B.199, paragraph (b), clause (1), shall comply with the requirements of that statute by promptly reporting on a quarterly basis certified public expenditures that may qualify for federal matching funds. Reporting under

this paragraph shall be voluntary from July 1, 2010, to December 31, 2010. Upon federal enactment of an extension to June 30, 2011, of the enhanced federal medical assistance percentage (FMAP) originally provided under Public Law 111-5, reporting under this paragraph shall also be voluntary from January 1, 2011, to June 30, 2011.

(2) To the extent that certified public expenditures reported in compliance with paragraph (1) earn federal matching payments that exceed \$8,079,000 in fiscal year 2012 and \$18,316,000 in fiscal year 2013, the excess amount shall be deposited in the health care access fund. For each fiscal year after fiscal year 2013, the commissioner shall forecast in November the amount of federal payments anticipated to match certified public expenditures reported in compliance with paragraph (a). Any federal match earned in a fiscal year in excess of the amount forecasted in November shall be deposited to the health care access fund.

(3) Notwithstanding any contrary provision of this article, this rider shall not expire.

Poverty Guidelines. Notwithstanding Minnesota Statutes, sections 256B.56, subdivision 1c; 256D.03, subdivision 3; or 256L.04, subdivision 7b, the poverty guidelines for medical assistance, general assistance medical care, and MinnesotaCare from July 1, 2010, through June 30, 2011, shall not be lower than the poverty guidelines issued by the Secretary of Health and Human Services on January 23, 2009. This section shall have no effect on the revision of poverty guidelines for the Minnesota health care programs that would be in effect starting on July 1, 2011. This paragraph is effective the day following final enactment.

Base Adjustment. The general fund base is decreased by \$227,000 in fiscal year 2012 and \$357,000 in fiscal year 2013.

(b) Health Care OperationsAppropriations by Fund

<u>General</u>	<u>-0-</u>	<u>186,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>218,000</u>

The general fund appropriation is a onetime appropriation in fiscal year 2011.

Base Adjustment. The health care access fund base for health care operations is decreased by \$812,000 in fiscal year 2012 and \$944,000 in fiscal year 2013.

Subd. 8. Continuing Care Grants

(a) Aging and Adult Services Grants -0- (1,113,000)

Base Adjustment. The general fund base for aging and adult services grants is increased by \$974,000 in fiscal year 2012 and \$1,113,000 in fiscal year 2013.

Community Service Development Reduction. The appropriation in Laws 2009, chapter 79, article 13, section 3, subdivision 8, paragraph (a), for community service development grants, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 8, paragraph (a), is reduced by \$154,000 in fiscal year 2011. The appropriation base is reduced by \$139,000 for fiscal year 2012 and \$0 for fiscal year 2013. Notwithstanding any law or rule to the contrary, this provision expires June 30, 2012.

(b) Medical Assistance Long-Term Care Facilities Grants -0- 3,864,000

ICF/MR Occupancy Rate Adjustment Suspension. Effective for fiscal years 2012 and 2013, approval of new applications for occupancy rate adjustments for unoccupied short-term beds under Minnesota Statutes, section 256B.5013, subdivision 7, is suspended.

Kandiyohi County; ICF/MR Payment

Rate. \$36,000 is appropriated from the general fund in fiscal year 2011 and \$4,000 in fiscal year 2012 to increase payment rates for an ICF/MR licensed for six beds and located in Kandiyohi County to serve persons with high behavioral needs. The payment rate increase shall be effective for services provided from July 1, 2010, through June 30, 2011. These appropriations are onetime.

(c) Medical Assistance Long-Term Care Waivers and Home Care Grants-0-(4,035,000)**Manage Growth in Traumatic Brain Injury and Community Alternatives for Disabled Individuals Waivers.**

During the fiscal year beginning July 1, 2010, the commissioner shall allocate money for home and community-based waiver programs under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the traumatic brain injury waiver to six allocations per month and the community alternatives for disabled individuals waiver to 60 allocations per month. The limits do not apply: (1) when there is an approved plan for nursing facility bed closures for individuals under age 65 who require relocation due to the bed closure; (2) to fiscal year 2009 waiver allocations delayed due to unallotment; or (3) to transfers authorized by the commissioner from the personal care assistance program of individuals having a home care rating of CS, MT, or HL. Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

Manage Growth in the Developmental Disability (DD) Waiver.

The commissioner shall manage the growth in the developmental disability waiver by limiting the allocations included in the November 2010 forecast to six additional diversion allocations each month for the calendar year that begins on

January 1, 2011. Additional allocations must be made available for transfers authorized by the commissioner from the personal care assistance program of individuals having a home care rating of CS, MT, or HL. This provision is effective through December 31, 2011.

(d) Adult Mental Health Grants

(3,500,000)

(300,000)

Compulsive Gambling Special Revenue Account. \$149,000 for fiscal year 2010 and \$27,000 for fiscal year 2011 from the compulsive gambling special revenue account established under Minnesota Statutes, section 245.982, shall be transferred and deposited into the general fund by June 30 of each respective fiscal year. This paragraph is effective the day following final enactment.

Compulsive Gambling Lottery Prize Fund. The lottery prize fund appropriation for compulsive gambling is reduced by \$80,000 in fiscal year 2010 and \$79,000 in fiscal year 2011. This is a onetime reduction.

Culturally Specific Treatment. The appropriation for culturally specific treatment is reduced by \$300,000 in fiscal year 2011. This is a onetime reduction.

(1) Of the fiscal year 2010 general fund appropriation for grants to counties for housing with support services for adults with serious and persistent mental illness, \$3,300,000 is canceled and returned to the general fund.

(2) Of the fiscal year 2010 general fund appropriation for additional crisis intervention team training for law enforcement, \$200,000 is canceled and returned to the general fund.

Base Adjustment. The general fund base is increased by \$300,000 in fiscal year 2012 and \$300,000 in fiscal year 2013.

(e) Chemical Dependency Entitlement Grants

-0-

(2,433,000)

<u>(f) Chemical Dependency Nonentitlement Grants</u>	<u>(389,000)</u>	<u>-0-</u>
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Base adjustment. The general fund base is reduced by \$393,000 in fiscal year 2012 and fiscal year 2013.

Chemical Health. Of the fiscal year 2010 general fund appropriation to Mother's First and the Native American Program, \$389,000 is canceled and returned to the general fund.

<u>(g) Other Continuing Care Grants</u>	<u>-0-</u>	<u>350,000</u>
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This is a onetime appropriation in fiscal year 2011.

Region 10 Quality Assurance Commission. \$100,000 is appropriated from the general fund in fiscal year 2011 to the commissioner of human services for the purposes of the Region 10 Quality Assurance Commission under Minnesota Statutes, section 256B.0951. This appropriation is onetime.

<u>Subd. 9. Continuing Care Management</u>	<u>-0-</u>	<u>296,000</u>
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PACE Implementation Funding. For fiscal year 2011, \$111,000 is appropriated from the general fund to the commissioner of human services to complete the actuarial and administrative work necessary to begin the operation of PACE under Minnesota Statutes, section 256B.69, subdivision 23, paragraph (e). Base level funding for this activity shall be \$101,000 in fiscal year 2012 and \$0 in fiscal year 2013. For fiscal year 2013 and beyond, the commissioner must work with stakeholders to develop financing mechanisms to complete the actuarial and administrative costs of PACE. The commissioner shall inform the chairs and ranking minority members of the legislative committee with jurisdiction over health care funding by January 15, 2011, on progress to develop financing mechanisms.

Base Adjustment. The general fund base for continuing care management is increased by

\$7,000 in fiscal year 2012 and decreased by \$94,000 in fiscal year 2013.

Subd. 10. State-Operated Services

Obsolete Laundry Depreciation Account.

\$669,000, or the balance, whichever is greater, must be transferred from the state-operated services laundry depreciation account in the special revenue fund and deposited into the general fund by June 30, 2010. This paragraph is effective the day following final enactment.

Operating Budget Reductions. No operating budget reductions enacted in Laws 2010, chapter 200, or in this act shall be allocated to state-operated services.

Prohibition on Transferring Funds. The commissioner shall not transfer mental health grants to state-operated services without specific legislative approval. Notwithstanding any contrary provision in this article, this paragraph shall not expire.

(a) Adult Mental Health Services

-0-

6,888,000

Base Adjustment. The general fund base is decreased by \$12,286,000 in fiscal year 2012 and \$12,394,000 in fiscal year 2013.

Appropriation Requirements. (a)

The general fund appropriation to the commissioner includes funding for the following:

(1) to a community collaborative to begin providing crisis center services in the Mankato area that are comparable to the crisis services provided prior to the closure of the Mankato Crisis Center. The commissioner shall recruit former employees of the Mankato Crisis Center who were recently laid off to staff the new crisis services. The commissioner shall obtain legislative approval prior to discontinuing this funding;

(2) to maintain the building in Eveleth that currently houses community transition

services and to establish a psychiatric intensive therapeutic foster home as an enterprise activity. The commissioner shall request a waiver amendment to allow CADI funding for psychiatric intensive therapeutic foster care services provided in the same location and building as the community transition services. If the federal government does not approve the waiver amendment, the commissioner shall continue to pay the lease for the building out of the state-operated services budget until the commissioner of administration subleases the space or until the lease expires, and shall establish the psychiatric intensive therapeutic foster home at a different site. The commissioner shall make diligent efforts to sublease the space;

(3) to convert the community behavioral health hospitals in Wadena and Willmar to facilities that provide more suitable services based on the needs of the community, which may include, but are not limited to, psychiatric extensive recovery treatment services. The commissioner may also establish other community-based services in the Willmar and Wadena areas that deliver the appropriate level of care in response to the express needs of the communities. The services established under this provision must be staffed by state employees.

(4) to continue the operation of the dental clinics in Brainerd, Cambridge, Faribault, Fergus Falls, and Willmar at the same level of care and staffing that was in effect on March 1, 2010. The commissioner shall not proceed with the planned closure of the dental clinics, and shall not discontinue services or downsize any of the state-operated dental clinics without specific legislative approval. The commissioner shall continue to bill for services provided to obtain medical assistance critical access dental payments and cost-based payment rates as provided in Minnesota Statutes, section 256B.76, subdivision 2, and shall bill for services provided three months retroactively from the

date of this act. This appropriation is onetime;

(5) to convert the Minnesota Neurorehabilitation Hospital in Brainerd to a neurocognitive psychiatric extensive recovery treatment service; and

(6) to convert the Minnesota extended treatment options (METO) program to the following community-based services provided by state employees: (i) psychiatric extensive recovery treatment services; (ii) intensive transitional foster homes as enterprise activities; and (iii) other community-based support services. The provisions under Minnesota Statutes, section 252.025, subdivision 7, are applicable to the METO services established under this clause. Notwithstanding Minnesota Statutes, section 246.18, subdivision 8, any revenue lost to the general fund by the conversion of METO to new services must be replaced by revenue from the new services to offset the lost revenue to the general fund until June 30, 2013. Any revenue generated in excess of this amount shall be deposited into the special revenue fund under Minnesota Statutes, section 246.18, subdivision 8.

(b) The commissioner shall not move beds from the Anoka-Metro Regional Treatment Center to the psychiatric nursing facility at St. Peter without specific legislative approval.

(c) The commissioner shall implement changes, including the following, to save a minimum of \$6,006,000 beginning in fiscal year 2011, and report to the legislature the specific initiatives implemented and the savings allocated to each one, including:

(1) maximizing budget savings through strategic employee staffing; and

(2) identifying and implementing cost reductions in cooperation with state-operated services employees.

Base level funding is reduced by \$6,006,000 effective fiscal year 2011.

(d) The commissioner shall seek certification or approval from the federal government for the new services under paragraph (a) that are eligible for federal financial participation and deposit the revenue associated with these new services in the account established under Minnesota Statutes, section 246.18, subdivision 8, unless otherwise specified.

(e) Notwithstanding any contrary provision in this article, this rider shall not expire.

(b) Minnesota Sex Offender Services -0- (145,000)

Sex Offender Services. Base level funding for Minnesota sex offender services is reduced by \$418,000 in fiscal year 2012 and \$419,000 in fiscal year 2013 for the 50-bed sex offender treatment program within the Moose Lake correctional facility in which Department of Human Services staff from Minnesota sex offender services provide clinical treatment to incarcerated offenders. This reduction shall become part of the base for the Department of Human Services.

Interagency Agreements. The commissioner of human services may enter into interagency agreements with the commissioner of corrections to continue sex offender treatment and chemical dependency treatment on a cost-sharing basis, in which each department pays 50 percent of the costs of these services.

Base Adjustment. The general fund base is increased by \$418,000 in fiscal year 2012 and \$419,000 in fiscal year 2013.

Sec. 4. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation \$ (2,392,000) \$ 2,310,000

Appropriations by Fund

	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>(2,392,000)</u>	<u>2,064,000</u>

<u>State Government</u>			
<u>Special Revenue</u>	<u>-0-</u>	<u>9,000</u>	
<u>Health Care Access</u>	<u>-0-</u>	<u>237,000</u>	
<u>Subd. 2. Community and Family Health</u>		<u>(221,000)</u>	<u>953,000</u>

Base Level Adjustment. The general fund base is decreased by \$1,388,000 in fiscal years 2012 and 2013.

Positive Alternatives. Of the general fund appropriation, \$1,000,000 in fiscal year 2011 is to the commissioner for positive alternatives grants under Minnesota Statutes, section 145.4235. This is a onetime appropriation.

Subd. 3. Policy, Quality, and Compliance

	<u>Appropriations by Fund</u>	
	<u>2010</u>	<u>2011</u>
<u>General</u>	<u>(1,797,000)</u>	<u>497,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>-0-</u>	<u>9,000</u>
<u>Health Care Access</u>	<u>-0-</u>	<u>237,000</u>

Health Care Reform. Funds appropriated in Laws 2008, chapter 358, article 5, section 4, subdivision 3, for health reform activities to implement Laws 2008, chapter 358, article 4, are available until expended. Notwithstanding any contrary provision in this article, this provision shall not expire.

Health Care Reform Task Force. \$198,000 from the general fund is for expenses related to the Health Care Reform Task Force established under article 7. This is a onetime appropriation.

Rural Hospital Capital Improvement Grants. Of the general fund reductions in fiscal year 2010, \$1,755,000 is for the rural hospital capital improvement grant program.

Section 125 Plans. The remaining balance from the Laws 2008, chapter 358, article 5,

section 4, subdivision 3, appropriation for Section 125 Plan Employer Incentives is canceled.

Birth Centers. Of the appropriation in fiscal year 2011 from the state government special revenue fund, \$9,000 is to the commissioner to license birth centers. Base level funding for this activity shall be \$7,000 in fiscal year 2012 and \$7,000 in fiscal year 2013.

Comprehensive Advanced Life Support Program. Of the general fund appropriation, \$377,000 in fiscal year 2011 is to the commissioner for the comprehensive advanced life support educational program. For fiscal year 2012, base level funding for this program shall be \$377,000.

Advisory Group on Administrative Expenses. Of the health care access fund appropriation for fiscal year 2011, \$39,000 is to the commissioner for the advisory group established under Minnesota Statutes, section 62D.31. This is a onetime appropriation.

Base Level Adjustment. The general fund base is decreased by \$253,000 in fiscal year 2012 and \$253,000 in fiscal year 2013. The state government special revenue fund base is decreased by \$2,000 in fiscal year 2012 and \$2,000 in fiscal year 2013.

Office of Unlicensed Health Care Practice. Of the general fund appropriation, \$74,000 in fiscal year 2011 is for the Office of Unlicensed Complementary and Alternative Health Care Practice. This is a onetime appropriation.

Subd. 4. **Health Protection**

(374,000)

714,000

Lead Base Grant Program. Of the general fund reduction, \$25,000 in fiscal year 2010 and fiscal year 2011 is for the elimination of state funding for the temporary lead-safe housing base grant program.

Birth Defects Information System. Of the general fund appropriation for fiscal year 2011, \$919,000 is for the Minnesota Birth

Defects Information System established under Minnesota Statutes, section 144.2215.

Base Adjustment. The general fund base is increased by \$440,000 in fiscal year 2012 and \$984,000 in fiscal year 2013.

Subd. 5. <u>Administrative Support Services</u>	<u>-0-</u>	<u>(100,000)</u>
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The general fund base is decreased by \$22,000 in fiscal year 2012 and \$22,000 in fiscal year 2013.

Sec. 5. <u>DEPARTMENT OF VETERANS AFFAIRS</u>	<u>\$(50,000)</u>	<u>-0-</u>
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Cancellation of Prior Appropriation.

By June 30, 2010, the commissioner of management and budget shall cancel the \$50,000 appropriation for fiscal year 2008 to the board in Laws 2007, chapter 147, article 19, section 5, in the paragraph titled "Pay for Performance."

Sec. 6. HEALTH-RELATED BOARDS

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>113,000</u>	<u>\$</u>	<u>615,000</u>
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The appropriations in this section are from the state government special revenue fund.

In fiscal year 2010, \$591,000 shall be transferred from the state government special revenue fund to the general fund. In fiscal year 2011, \$3,052,000 shall be transferred from the state government special revenue fund to the general fund. These transfers are in addition to those made in Laws 2009, chapter 79, article 13, section 5, as amended by Laws 2009, chapter 173, article 2, section 3.

The transfers in this section are onetime in the fiscal year 2010-2011 biennium.

The appropriations for each purpose are shown in the following subdivisions.

Subd. 2. <u>Board of Marriage and Family Therapy</u>	<u>47,000</u>	<u>22,000</u>
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Operating Costs and Rulemaking. Of this

appropriation, \$22,000 in fiscal year 2010 and \$22,000 in fiscal year 2011 are for operating costs. This is an ongoing appropriation. Of this appropriation, \$25,000 in fiscal year 2010 is for rulemaking. This is a onetime appropriation.

Subd. 3. **Board of Nursing Home Administrators** 51,000 61,000

Subd. 4. **Board of Pharmacy** -0- 517,000

Prescription Electronic Reporting. Of the state government special revenue fund appropriation, \$517,000 in fiscal year 2011 is to the board to operate the prescription electronic reporting system in Minnesota Statutes, section 152.126. Base level funding for this activity in fiscal year 2012 shall be \$356,000.

Subd. 5. **Board of Podiatry** 15,000 15,000

Purpose. This appropriation is to pay health insurance coverage costs and to cover the cost of expert witnesses in disciplinary cases.

Sec. 7. **EMERGENCY MEDICAL SERVICES BOARD** \$ 247,000 \$ (382,000)

Sec. 8. **UNIVERSITY OF MINNESOTA** \$ -0- \$ 93,000

This appropriation is from the special revenue fund for the couples on the brink program.

Sec. 9. **DEPARTMENT OF CORRECTIONS** \$ -0- \$ -0-

Sex Offender Services. From the general fund appropriations to the commissioner of corrections, the commissioner shall transfer \$418,000 in fiscal year 2012 and \$419,000 in fiscal year 2013 to the commissioner of human services to provide clinical treatment to incarcerated offenders. This transfer shall become part of the base for the Department of Corrections.

Sec. 10. **DEPARTMENT OF COMMERCE** \$ -0- \$ 38,000

Health Plan Filings. Of this appropriation:

(1) \$19,000 is for the review and approval of new health plan filings due to Minnesota Statutes, section 62Q.545. This is a onetime appropriation in fiscal year 2011; and

(2) \$19,000 is for regulation of Minnesota Statutes, section 62A.3075. This is a onetime appropriation.

Sec. 11. Minnesota Statutes 2008, section 214.40, subdivision 7, is amended to read:

Subd. 7. Medical professional liability insurance. (a) Within the limit of funds appropriated for this program, the administrative services unit must purchase medical professional liability insurance, if available, for a health care provider who is registered in accordance with subdivision 4 and who is not otherwise covered by a medical professional liability insurance policy or self-insured plan either personally or through another facility or employer. The administrative services unit is authorized to prorate payments or otherwise limit the number of participants in the program if the costs of the insurance for eligible providers exceed the funds appropriated for the program.

(b) Coverage purchased under this subdivision must be limited to the provision of health care services performed by the provider for which the provider does not receive direct monetary compensation.

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

Sec. 12. Laws 2009, chapter 79, article 13, section 3, subdivision 1, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 1, is amended to read:

Subdivision 1. **Total Appropriation** **\$ 5,225,451,000 \$ 6,002,864,000**

	Appropriations by Fund	
	2010	2011
General	4,375,689,000	5,209,765,000
State Government		
Special Revenue	565,000	565,000
Health Care Access	450,662,000	527,411,000
Federal TANF	286,770,000	263,458,000
Lottery Prize	1,665,000	1,665,000
Federal Fund	110,000,000	0

Receipts for Systems Projects. Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state system account authorized in Minnesota Statutes, section 256.014. Money appropriated for computer projects approved

by the Minnesota Office of Enterprise Technology, funded by the legislature, and approved by the commissioner of finance, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary, except that any transfers to one project that exceed \$1,000,000 or multiple transfers to one project that exceed \$1,000,000 in total require the express approval of the legislature. The preceding requirement for legislative approval does not apply to transfers made to establish a project's initial operating budget each year; instead, the requirements of section 11, subdivision 2, of this article apply to those transfers. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations. Any computer project with a total cost exceeding \$1,000,000, including, but not limited to, a replacement for the proposed HealthMatch system, shall not be commenced without the express approval of the legislature.

HealthMatch Systems Project. In fiscal year 2010, \$3,054,000 shall be transferred from the HealthMatch account in the state systems account in the special revenue fund to the general fund.

Nonfederal Share Transfers. The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

TANF Maintenance of Effort.

(a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j); ~~and~~

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671-; and

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall ensure that the maintenance of effort used by the commissioner of finance for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a),

clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43 (a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures to the extent such expenditures or other qualified expenditures are otherwise available after considering the expenditures allowed in this section.

(e) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(f) Notwithstanding any contrary provision in this article, this provision expires June 30, 2013.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF/MOE up to \$6,707,000 per year of working family credit expenditures for fiscal year 2010 through fiscal year 2011.

Working Family Credit Expenditures to be Claimed for TANF/MOE. The commissioner may count the following amounts of working family credit expenditure as TANF/MOE:

(1) fiscal year 2010, \$50,973,000
\$50,897,000;

(2) fiscal year 2011, \$53,793,000
\$54,243,000;

(3) fiscal year 2012, \$23,516,000
\$23,345,000; and

(4) fiscal year 2013, \$16,808,000
\$16,585,000.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2013.

Food Stamps Employment and Training.

(a) The commissioner shall apply for and claim the maximum allowable federal matching funds under United States Code, title 7, section 2025, paragraph (h), for state expenditures made on behalf of family stabilization services participants voluntarily engaged in food stamp employment and training activities, where appropriate.

(b) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal food stamps employment and training funds received as reimbursement of MFIP consolidated fund grant expenditures for diversionary work program participants and child care assistance program expenditures for two-parent families must be deposited in the general fund. The amount of funds must be limited to \$3,350,000 in fiscal year 2010 and \$4,440,000 in fiscal years 2011 through 2013, contingent on approval by the federal Food and Nutrition

Service.

(c) Consistent with the receipt of these federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2013.

ARRA Food Support Administration.

The funds available for food support administration under the American Recovery and Reinvestment Act (ARRA) of 2009 are appropriated to the commissioner to pay actual costs of implementing the food support benefit increases, increased eligibility determinations, and outreach. Of these funds, 20 percent shall be allocated to the commissioner and 80 percent shall be allocated to counties. The commissioner shall allocate the county portion based on caseload. Reimbursement shall be based on actual costs reported by counties through existing processes. Tribal reimbursement must be made from the state portion based on a caseload factor equivalent to that of a county.

ARRA Food Support Benefit Increases.

The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

Emergency Fund for the TANF Program.

TANF Emergency Contingency funds available under the American Recovery and Reinvestment Act of 2009 (Public Law 111-5) are appropriated to the commissioner. The commissioner must request TANF Emergency Contingency funds from the Secretary of the Department of Health and Human Services to the extent the commissioner meets or expects to meet the requirements of section 403(c) of the Social Security Act. The commissioner must seek

to maximize such grants. The funds received must be used as appropriated. Each county must maintain the county's current level of emergency assistance funding under the MFIP consolidated fund and use the funds under this paragraph to supplement existing emergency assistance funding levels.

Sec. 13. Laws 2009, chapter 79, article 13, section 3, subdivision 3, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 3, is amended to read:

Subd. 3. Revenue and Pass-Through Revenue Expenditures	68,337,000	70,505,000
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This appropriation is from the federal TANF fund.

TANF Transfer to Federal Child Care and Development Fund. The following TANF fund amounts are appropriated to the commissioner for the purposes of MFIP and transition year child care under Minnesota Statutes, section 119B.05:

- (1) fiscal year 2010, ~~\$6,531,000~~ \$862,000;
- (2) fiscal year 2011, ~~\$10,241,000~~ \$978,000;
- (3) fiscal year 2012, ~~\$10,826,000~~ \$0; and
- (4) fiscal year 2013, ~~\$4,046,000~~ \$0.

The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

Sec. 14. Laws 2009, chapter 79, article 13, section 3, subdivision 4, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 4, is amended to read:

Subd. 4. Children and Economic Assistance Grants

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) MFIP/DWP Grants

Appropriations by Fund

General	63,205,000	89,033,000
Federal TANF	100,818,000	84,538,000

(b) Support Services Grants

Appropriations by Fund

General	8,715,000	12,498,000
Federal TANF	116,557,000	107,457,000

MFIP Consolidated Fund. The MFIP consolidated fund TANF appropriation is reduced by \$1,854,000 in fiscal year 2010 and fiscal year 2011.

Notwithstanding Minnesota Statutes, section 256J.626, subdivision 8, paragraph (b), the commissioner shall reduce proportionately the reimbursement to counties for administrative expenses.

Subsidized Employment Funding Through ARRA. The commissioner is authorized to apply for TANF emergency fund grants for subsidized employment activities. Growth in expenditures for subsidized employment within the supported work program and the MFIP consolidated fund over the amount expended in the calendar quarters in the TANF emergency fund base year shall be used to leverage the TANF emergency fund grants for subsidized employment and to fund supported work. The commissioner shall develop procedures to maximize reimbursement of these expenditures over the TANF emergency fund base year quarters, and may contract directly with employers and providers to maximize these TANF emergency fund grants, including provisions of TANF summer youth program wage subsidies for MFIP youth and caregivers. MFIP youth are individuals up to age 25 who are part of an eligible household as defined under rules governing TANF maintenance of effort with incomes less than 200 percent of federal poverty guidelines. Expenditures may only be used for subsidized

wages and benefits and eligible training and supervision expenditures. The commissioner shall contract with the Minnesota Department of Employment and Economic Development for the summer youth program. The commissioner shall develop procedures to maximize reimbursement of these expenditures over the TANF emergency fund year quarters. No more than \$6,000,000 shall be reimbursed. This provision is effective upon enactment.

Supported Work. Of the TANF appropriation, \$4,700,000 in fiscal year 2010 and \$4,700,000 in fiscal year 2011 are to the commissioner for supported work for MFIP recipients and is available until expended. Supported work includes paid transitional work experience and a continuum of employment assistance, including outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up, in addition to extensive case management and referral services. This is a onetime appropriation.

Base Adjustment. The general fund base is reduced by \$3,783,000 in each of fiscal years 2012 and 2013. ~~The TANF fund base is increased by \$5,004,000 in each of fiscal years 2012 and 2013.~~

Integrated Services Program Funding. The TANF appropriation for integrated services program funding is \$1,250,000 in fiscal year 2010 and \$0 in fiscal year 2011 and the base for fiscal years 2012 and 2013 is \$0.

TANF Emergency Fund; Nonrecurrent Short-Term Benefits. (a) TANF emergency contingency fund grants received due to increases in expenditures for nonrecurrent short-term benefits must be used to offset the increase in these expenditures for counties under the MFIP consolidated fund,

under Minnesota Statutes, section 256J.626, and the diversionary work program. The commissioner shall develop procedures to maximize reimbursement of these expenditures over the TANF emergency fund base year quarters. Growth in expenditures for the diversionary work program over the amount expended in the calendar quarters in the TANF emergency fund base year shall be used to leverage these funds.

(b) To the extent that the commissioner can claim eligible tax credit growth as nonrecurrent short-term benefits, the commissioner shall use those funds to leverage the increased expenditures in paragraph (a).

(c) TANF emergency funds for nonrecurrent short-term benefits received in excess of the amounts necessary for paragraphs (a) and (b) shall be used to reimburse the general fund for the costs of eligible tax credits in fiscal year 2011. The amount of such funds shall not exceed \$15,500,000 in fiscal year 2010.

(d) This rider is effective the day following final enactment.

(e) MFIP Child Care Assistance Grants

61,171,000

65,214,000

Acceleration of ARRA Child Care and Development Fund Expenditure. The commissioner must liquidate all child care and development money available under the American Recovery and Reinvestment Act (ARRA) of 2009, Public Law 111-5, by September 30, 2010. In order to expend those funds by September 30, 2010, the commissioner may redesignate and expend the ARRA child care and development funds appropriated in fiscal year 2011 for purposes under this section for related purposes that will allow liquidation by September 30, 2010. Child care and development funds otherwise available to the commissioner for those related purposes shall be used to fund the purposes from which the ARRA

child care and development funds had been redesignated.

School Readiness Service Agreements.

\$400,000 in fiscal year 2010 and \$400,000 in fiscal year 2011 are from the federal TANF fund to the commissioner of human services consistent with federal regulations for the purpose of school readiness service agreements under Minnesota Statutes, section 119B.231. This is a onetime appropriation. Any unexpended balance the first year is available in the second year.

(d) Basic Sliding Fee Child Care Assistance Grants	40,100,000	45,092,000
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School Readiness Service Agreements.

\$257,000 in fiscal year 2010 and \$257,000 in fiscal year 2011 are from the general fund for the purpose of school readiness service agreements under Minnesota Statutes, section 119B.231. This is a onetime appropriation. Any unexpended balance the first year is available in the second year.

Child Care Development Fund Unexpended Balance.

In addition to the amount provided in this section, the commissioner shall expend \$5,244,000 in fiscal year 2010 from the federal child care development fund unexpended balance for basic sliding fee child care under Minnesota Statutes, section 119B.03. The commissioner shall ensure that all child care and development funds are expended according to the federal child care and development fund regulations.

Basic Sliding Fee. \$4,000,000 in fiscal year 2010 and \$4,000,000 in fiscal year 2011 are from the federal child care development funds received from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, to the commissioner of human services consistent with federal regulations for the purpose of basic sliding fee child care assistance under Minnesota Statutes, section 119B.03. This is a onetime appropriation.

Any unexpended balance the first year is available in the second year.

Basic Sliding Fee Allocation for Calendar Year 2010. Notwithstanding Minnesota Statutes, section 119B.03, subdivision 6, in calendar year 2010, basic sliding fee funds shall be distributed according to this provision. Funds shall be allocated first in amounts equal to each county's guaranteed floor, according to Minnesota Statutes, section 119B.03, subdivision 8, with any remaining available funds allocated according to the following formula:

(a) Up to one-fourth of the funds shall be allocated in proportion to the number of families participating in the transition year child care program as reported during and averaged over the most recent six months completed at the time of the notice of allocation. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (d).

(b) Up to three-fourths of the funds shall be allocated in proportion to the average of each county's most recent six months of reported waiting list as defined in Minnesota Statutes, section 119B.03, subdivision 2, and the reinstatement list of those families whose assistance was terminated with the approval of the commissioner under Minnesota Rules, part 3400.0183, subpart 1. Funds in excess of the amount necessary to serve all families in this category shall be allocated according to paragraph (d).

(c) The amount necessary to serve all families in paragraphs (a) and (b) shall be calculated based on the basic sliding fee average cost of care per family in the county with the highest cost in the most recently completed calendar year.

(d) Funds in excess of the amount necessary to serve all families in paragraphs (a) and (b) shall be allocated in proportion to each county's total expenditures for the basic

sliding fee child care program reported during the most recent fiscal year completed at the time of the notice of allocation. To the extent that funds are available, and notwithstanding Minnesota Statutes, section 119B.03, subdivision 8, for the period January 1, 2011, to December 31, 2011, each county's guaranteed floor must be equal to its original calendar year 2010 allocation.

Base Adjustment. The general fund base is decreased by \$257,000 in each of fiscal years 2012 and 2013.

(e) Child Care Development Grants

1,487,000

1,487,000

Family, friends, and neighbor grants. \$375,000 in fiscal year 2010 and \$375,000 in fiscal year 2011 are from the child care development fund required targeted quality funds for quality expansion and infant/toddler from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, to the commissioner of human services for family, friends, and neighbor grants under Minnesota Statutes, section 119B.232. This appropriation may be used on programs receiving family, friends, and neighbor grant funds as of June 30, 2009, or on new programs or projects. This is a onetime appropriation. Any unexpended balance the first year is available in the second year.

Voluntary quality rating system training, coaching, consultation, and supports. \$633,000 in fiscal year 2010 and \$633,000 in fiscal year 2011 are from the federal child care development fund required targeted quality funds for quality expansion and infant/toddler from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, to the commissioner of human services consistent with federal regulations for the purpose of providing grants to provide statewide child-care provider training, coaching, consultation, and supports to prepare for the voluntary Minnesota quality rating system rating tool. This is a onetime

appropriation. Any unexpended balance the first year is available in the second year.

Voluntary quality rating system. \$184,000 in fiscal year 2010 and \$1,200,000 in fiscal year 2011 are from the federal child care development fund required targeted funds for quality expansion and infant/toddler from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, to the commissioner of human services consistent with federal regulations for the purpose of implementing the voluntary Parent Aware quality star rating system pilot in coordination with the Minnesota Early Learning Foundation. The appropriation for the first year is to complete and promote the voluntary Parent Aware quality rating system pilot program through June 30, 2010, and the appropriation for the second year is to continue the voluntary Minnesota quality rating system pilot through June 30, 2011. This is a onetime appropriation. Any unexpended balance the first year is available in the second year.

(f) Child Support Enforcement Grants	3,705,000	3,705,000
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(g) Children's Services Grants

Appropriations by Fund		
General	48,333,000	50,498,000
Federal TANF	340,000	240,000

Base Adjustment. The general fund base is decreased by \$5,371,000 in fiscal year 2012 and decreased \$5,371,000 in fiscal year 2013.

Privatized Adoption Grants. Federal reimbursement for privatized adoption grant and foster care recruitment grant expenditures is appropriated to the commissioner for adoption grants and foster care and adoption administrative purposes.

Adoption Assistance Incentive Grants. Federal funds available during fiscal year 2010 and fiscal year 2011 for the adoption incentive grants are appropriated to the

commissioner for postadoption services including parent support groups.

Adoption Assistance and Relative Custody Assistance. The commissioner may transfer unencumbered appropriation balances for adoption assistance and relative custody assistance between fiscal years and between programs.

(h) Children and Community Services Grants	67,663,000	67,542,000
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Targeted Case Management Temporary Funding Adjustment. The commissioner shall recover from each county and tribe receiving a targeted case management temporary funding payment in fiscal year 2008 an amount equal to that payment. The commissioner shall recover one-half of the funds by February 1, 2010, and the remainder by February 1, 2011. At the commissioner's discretion and at the request of a county or tribe, the commissioner may revise the payment schedule, but full payment must not be delayed beyond May 1, 2011. The commissioner may use the recovery procedure under Minnesota Statutes, section 256.017, to recover the funds. Recovered funds must be deposited into the general fund.

(i) General Assistance Grants	48,215,000	48,608,000
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General Assistance Standard. The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from parents or a legal guardian at \$203. The commissioner may reduce this amount according to Laws 1997, chapter 85, article 3, section 54.

Emergency General Assistance. The amount appropriated for emergency general assistance funds is limited to no more than \$7,889,812 in fiscal year 2010 and \$7,889,812 in fiscal year 2011. Funds to counties must be allocated by the commissioner using the

allocation method specified in Minnesota Statutes, section 256D.06.

(j) Minnesota Supplemental Aid Grants 33,930,000 35,191,000

Emergency Minnesota Supplemental Aid Funds. The amount appropriated for emergency Minnesota supplemental aid funds is limited to no more than \$1,100,000 in fiscal year 2010 and \$1,100,000 in fiscal year 2011. Funds to counties must be allocated by the commissioner using the allocation method specified in Minnesota Statutes, section 256D.46.

(k) Group Residential Housing Grants 111,778,000 114,034,000

Group Residential Housing Costs Refinanced. (a) Effective July 1, 2011, the commissioner shall increase the home and community-based service rates and county allocations provided to programs for persons with disabilities established under section 1915(c) of the Social Security Act to the extent that these programs will be paying for the costs above the rate established in Minnesota Statutes, section 256I.05, subdivision 1.

(b) For persons receiving services under Minnesota Statutes, section 245A.02, who reside in licensed adult foster care beds for which a difficulty of care payment was being made under Minnesota Statutes, section 256I.05, subdivision 1c, paragraph (b), counties may request an exception to the individual's service authorization not to exceed the difference between the client's monthly service expenditures plus the amount of the difficulty of care payment.

(l) Children's Mental Health Grants 16,885,000 16,882,000

Funding Usage. Up to 75 percent of a fiscal year's appropriation for children's mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(m) Other Children and Economic Assistance Grants

16,047,000

15,339,000

Fraud Prevention Grants. Of this appropriation, \$228,000 in fiscal year 2010 and ~~\$228,000~~ \$379,000 in fiscal year 2011 is to the commissioner for fraud prevention grants to counties.

Homeless and Runaway Youth. \$218,000 in fiscal year 2010 is for the Runaway and Homeless Youth Act under Minnesota Statutes, section 256K.45. Funds shall be spent in each area of the continuum of care to ensure that programs are meeting the greatest need. Any unexpended balance in the first year is available in the second year. Beginning July 1, 2011, the base is increased by \$119,000 each year.

ARRA Homeless Youth Funds. To the extent permitted under federal law, the commissioner shall designate \$2,500,000 of the Homeless Prevention and Rapid Re-Housing Program funds provided under the American Recovery and Reinvestment Act of 2009, Public Law 111-5, for agencies providing homelessness prevention and rapid rehousing services to youth.

Supportive Housing Services. \$1,500,000 each year is for supportive services under Minnesota Statutes, section 256K.26. This is a onetime appropriation.

Community Action Grants. Community action grants are reduced one time by \$1,794,000 each year. This reduction is due to the availability of federal funds under the American Recovery and Reinvestment Act.

Base Adjustment. The general fund base is increased by ~~\$773,000~~ \$903,000 in fiscal year 2012 and ~~\$773,000~~ \$413,000 in fiscal year 2013.

Federal ARRA Funds for Existing Programs. (a) Federal funds received by the commissioner for the emergency food and

shelter program from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, but not previously approved by the legislature are appropriated to the commissioner for the purposes of the grant program.

(b) Federal funds received by the commissioner for the emergency shelter grant program including the Homelessness Prevention and Rapid Re-Housing Program from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, are appropriated to the commissioner for the purposes of the grant programs.

(c) Federal funds received by the commissioner for the emergency food assistance program from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, are appropriated to the commissioner for the purposes of the grant program.

(d) Federal funds received by the commissioner for senior congregate meals and senior home-delivered meals from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, are appropriated to the commissioner for the Minnesota Board on Aging, for purposes of the grant programs.

(e) Federal funds received by the commissioner for the community services block grant program from the American Recovery and Reinvestment Act of 2009, Public Law 111-5, are appropriated to the commissioner for the purposes of the grant program.

Long-Term Homeless Supportive Service Fund Appropriation. To the extent permitted under federal law, the commissioner shall designate \$3,000,000 of the Homelessness Prevention and Rapid Re-Housing Program funds provided under the American Recovery and Reinvestment Act of 2009, Public Law, 111-5, to the long-term homeless service fund under

Minnesota Statutes, section 256K.26. This appropriation shall become available by July 1, 2009. This paragraph is effective the day following final enactment.

Sec. 15. Laws 2009, chapter 79, article 13, section 3, subdivision 8, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 8, is amended to read:

Subd. 8. Continuing Care Grants

The amounts that may be spent from the appropriation for each purpose are as follows:

(a) Aging and Adult Services Grants	13,499,000	15,805,000
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Base Adjustment. The general fund base is increased by \$5,751,000 in fiscal year 2012 and \$6,705,000 in fiscal year 2013.

Information and Assistance Reimbursement. Federal administrative reimbursement obtained from information and assistance services provided by the Senior LinkAge or Disability Linkage lines to people who are identified as eligible for medical assistance shall be appropriated to the commissioner for this activity.

Community Service Development Grant Reduction. Funding for community service development grants must be reduced by \$260,000 for fiscal year 2010; \$284,000 in fiscal year 2011; \$43,000 in fiscal year 2012; and \$43,000 in fiscal year 2013. Base level funding shall be restored in fiscal year 2014.

Community Service Development Grant Community Initiative. Funding for community service development grants shall be used to offset the cost of aging support grants. Base level funding shall be restored in fiscal year 2014.

Senior Nutrition Use of Federal Funds. For fiscal year 2010, general fund grants for home-delivered meals and congregate dining shall be reduced by \$500,000. The commissioner must replace these general fund reductions with equal amounts from federal funding for senior nutrition from the

American Recovery and Reinvestment Act of 2009.

(b) Alternative Care Grants	50,234,000	48,576,000
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Base Adjustment. The general fund base is decreased by \$3,598,000 in fiscal year 2012 and \$3,470,000 in fiscal year 2013.

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but must be transferred to the medical assistance account.

(c) Medical Assistance Grants; Long-Term Care Facilities.	367,444,000	419,749,000
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(d) Medical Assistance Long-Term Care Waivers and Home Care Grants	853,567,000	1,039,517,000
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Manage Growth in TBI and CADI Waivers. During the fiscal years beginning on July 1, 2009, and July 1, 2010, the commissioner shall allocate money for home and community-based waiver programs under Minnesota Statutes, section 256B.49, to ensure a reduction in state spending that is equivalent to limiting the caseload growth of the TBI waiver to 12.5 allocations per month each year of the biennium and the CADI waiver to 95 allocations per month each year of the biennium. Limits do not apply: (1) when there is an approved plan for nursing facility bed closures for individuals under age 65 who require relocation due to the bed closure; (2) to fiscal year 2009 waiver allocations delayed due to unallotment; or (3) to transfers authorized by the commissioner from the personal care assistance program of individuals having a home care rating of "CS," "MT," or "HL." Priorities for the allocation of funds must be for individuals anticipated to be discharged from institutional settings or who are at imminent risk of a placement in an institutional setting.

Manage Growth in DD Waiver. The

commissioner shall manage the growth in the DD waiver by limiting the allocations included in the February 2009 forecast to 15 additional diversion allocations each month for the calendar years that begin on January 1, 2010, and January 1, 2011. Additional allocations must be made available for transfers authorized by the commissioner from the personal care program of individuals having a home care rating of "CS," "MT," or "HL."

Adjustment to Lead Agency Waiver Allocations. Prior to the availability of the alternative license defined in Minnesota Statutes, section 245A.11, subdivision 8, the commissioner shall reduce lead agency waiver allocations for the purposes of implementing a moratorium on corporate foster care.

Alternatives to Personal Care Assistance Services. Base level funding of \$3,237,000 in fiscal year 2012 and \$4,856,000 in fiscal year 2013 is to implement alternative services to personal care assistance services for persons with mental health and other behavioral challenges who can benefit from other services that more appropriately meet their needs and assist them in living independently in the community. These services may include, but not be limited to, a 1915(i) state plan option.

(e) Mental Health Grants

	Appropriations by Fund	
General	77,739,000	77,739,000
Health Care Access	750,000	750,000
Lottery Prize	1,508,000	1,508,000

Funding Usage. Up to 75 percent of a fiscal year's appropriation for adult mental health grants may be used to fund allocations in that portion of the fiscal year ending December 31.

(f) Deaf and Hard-of-Hearing Grants 1,930,000 1,917,000

(g) Chemical Dependency Entitlement Grants	111,303,000	122,822,000
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Payments for Substance Abuse Treatment.

For ~~services provided~~ placements beginning during fiscal years 2010 and 2011, county-negotiated rates and provider claims to the consolidated chemical dependency fund must not exceed the lesser of:

(1) rates charged for these services on January 1, 2009; or

(2) 160 percent of the average rate on January 1, 2009, for each group of vendors with similar attributes.

Effective July 1, 2010, rates that were above the average rate on January 1, 2009, are reduced by five percent from the rates in effect on June 1, 2010. Rates below the average rate on January 1, 2009, are reduced by 1.8 percent from the rates in effect on June 1, 2010. Services provided under this section by state-operated services are exempt from the rate reduction. For services provided in fiscal years 2012 and 2013, ~~statewide average rates~~ the statewide aggregate payment under the new rate methodology to be developed under Minnesota Statutes, section 254B.12, must not exceed the average rates charged for these services on January 1, 2009 projected aggregate payment under the rates in effect for fiscal year 2011 excluding the rate reduction for rates that were below the average on January 1, 2009, plus a state share increase of \$3,787,000 for fiscal year 2012 and \$5,023,000 for fiscal year 2013. Notwithstanding any provision to the contrary in this article, this provision expires on June 30, 2013.

Chemical Dependency Special Revenue Account. For fiscal year 2010, \$750,000 must be transferred from the consolidated chemical dependency treatment fund administrative account and deposited into the general fund.

County CD Share of MA Costs for ARRA Compliance. Notwithstanding the

provisions of Minnesota Statutes, chapter 254B, for chemical dependency services provided during the period October 1, 2008, to December 31, 2010, and reimbursed by medical assistance at the enhanced federal matching rate provided under the American Recovery and Reinvestment Act of 2009, the county share is 30 percent of the nonfederal share. This provision is effective the day following final enactment.

(h) Chemical Dependency Nonentitlement Grants	1,729,000	1,729,000
(i) Other Continuing Care Grants	19,201,000	17,528,000

Base Adjustment. The general fund base is increased by \$2,639,000 in fiscal year 2012 and increased by \$3,854,000 in fiscal year 2013.

Technology Grants. \$650,000 in fiscal year 2010 and \$1,000,000 in fiscal year 2011 are for technology grants, case consultation, evaluation, and consumer information grants related to developing and supporting alternatives to shift-staff foster care residential service models.

Other Continuing Care Grants; HIV Grants. Money appropriated for the HIV drug and insurance grant program in fiscal year 2010 may be used in either year of the biennium.

Quality Assurance Commission. Effective July 1, 2009, state funding for the quality assurance commission under Minnesota Statutes, section 256B.0951, is canceled.

Sec. 16. Laws 2009, chapter 79, article 13, section 5, subdivision 8, as amended by Laws 2009, chapter 173, article 2, section 3, subdivision 8, is amended to read:

Subd. 8. Board of Nursing Home Administrators	1,211,000	1,023,000
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Administrative Services Unit - Operating Costs. Of this appropriation, \$524,000 in fiscal year 2010 and \$526,000 in fiscal year 2011 are for operating costs of the administrative services unit. The

administrative services unit may receive and expend reimbursements for services performed by other agencies.

Administrative Services Unit - Retirement Costs. Of this appropriation in fiscal year 2010, \$201,000 is for onetime retirement costs in the health-related boards. This funding may be transferred to the health boards incurring those costs for their payment. These funds are available either year of the biennium.

Administrative Services Unit - Volunteer Health Care Provider Program. Of this appropriation, ~~\$79,000~~ \$130,000 in fiscal year 2010 and ~~\$89,000~~ \$150,000 in fiscal year 2011 are to pay for medical professional liability coverage required under Minnesota Statutes, section 214.40.

Administrative Services Unit - Contested Cases and Other Legal Proceedings. Of this appropriation, \$200,000 in fiscal year 2010 and \$200,000 in fiscal year 2011 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section and for unforeseen expenditures of an urgent nature. Upon certification of a health-related board to the administrative services unit that the costs will be incurred and that there is insufficient money available to pay for the costs out of money currently available to that board, the administrative services unit is authorized to transfer money from this appropriation to the board for payment of those costs with the approval of the commissioner of finance. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years. The boards receiving funds under this section shall include these amounts when setting fees to cover their costs.

Sec. 17. EXPIRATION OF UNCODIFIED LANGUAGE.

All uncodified language contained in this article expires on June 30, 2011, unless a different

expiration date is explicit.

Sec. 18. **EFFECTIVE DATE.**

The provisions in this article are effective July 1, 2010, unless a different effective date is explicit."

Delete the title and insert:

"A bill for an act relating to the state budget; balancing proposed general fund spending and anticipated general fund revenue; modifying certain payment schedules to improve cash flow; making reductions in appropriations for E-12 education, higher education, environment and natural resources, energy and commerce, agriculture, economic development, transportation, public safety, state government, human services, and health; modifying calculation of state tax aids and credits; providing for deposit of certain receipts in the special revenue fund rather than the general fund; making changes to health and human services policy provisions including state health care programs, continuing care, children and family services, health care reform, Department of Health, public health, health plans; increasing fees and surcharges; requiring reports; making supplemental and contingent appropriations and reductions for the Departments of Health and Human Services and other health-related boards and councils; amending Minnesota Statutes 2008, sections 3.9741, subdivision 2; 8.15, subdivision 3; 13.03, subdivision 10; 13.3806, subdivision 13; 16C.23, subdivision 6; 62D.08, by adding a subdivision; 62J.692, subdivision 4; 62Q.19, subdivision 1; 103B.101, subdivision 9; 103L.681, subdivision 11; 116J.551, subdivision 1; 123B.75, subdivisions 5, 9, by adding a subdivision; 126C.48, subdivision 7; 127A.441; 127A.45, subdivisions 2, 3, 13, by adding a subdivision; 127A.46; 144.05, by adding a subdivision; 144.226, subdivision 3; 144.293, subdivision 4; 144.603; 144.605, subdivisions 2, 3, by adding a subdivision; 144.608, subdivision 1; 144.651, subdivision 2; 144.9504, by adding a subdivision; 144A.51, subdivision 5; 144D.03, subdivision 2; 144D.04, subdivision 2; 144E.37; 144G.06; 152.126, as amended; 190.32; 214.40, subdivision 7; 246.18, by adding a subdivision; 254B.01, subdivision 2; 254B.02, subdivisions 1, 5; 254B.03, subdivision 4; 254B.05, subdivision 4; 254B.06, subdivision 2; 254B.09, subdivision 8; 256.01, by adding a subdivision; 256.9657, subdivisions 2, 3, 3a; 256.969, subdivisions 21, 26, by adding a subdivision; 256B.04, subdivision 14a; 256B.055, by adding a subdivision; 256B.056, subdivisions 3, 4; 256B.057, subdivision 9; 256B.0625, subdivisions 8, 8a, 8b, 18a, 22, 31, by adding subdivisions; 256B.0631, subdivisions 1, 3; 256B.0644, as amended; 256B.0915, by adding a subdivision; 256B.19, subdivision 1c; 256B.5012, by adding a subdivision; 256B.69, subdivisions 20, as amended, 27, by adding subdivisions; 256B.692, subdivision 1; 256B.76, subdivisions 2, 4; 256D.03, subdivision 3b; 256D.0515; 256I.05, by adding a subdivision; 256J.24, subdivision 6; 256L.07, by adding a subdivision; 256L.11, subdivision 6; 256L.12, subdivisions 5, 9, by adding a subdivision; 256L.15, subdivision 1; 257.69, subdivision 2; 260C.331, subdivision 6; 273.1384, subdivision 6, as added; 276.112; 289A.60, by adding a subdivision; 299C.48; 299E.02; 446A.086, subdivision 2, as amended; 469.177, subdivision 11; 517.08, subdivision 1c, as amended; 518.165, subdivision 3; 609.3241; 611.20, subdivision 3; Minnesota Statutes 2009 Supplement, sections 123B.54; 137.025, subdivision 1; 157.16, subdivision 3; 252.27, subdivision 2a; 256.969, subdivisions 2b, 3a; 256.975, subdivision 7; 256B.056, subdivision 3c; 256B.0625, subdivision 13h; 256B.0659, subdivision 11; 256B.0911, subdivision 1a; 256B.441, subdivision 55; 256B.69, subdivisions 5a, 23; 256B.76, subdivision 1; 256B.766; 256D.03, subdivision 3, as amended; 256J.425, subdivision 3; 256J.621; 256L.03, subdivision 5; 270.97; 289A.20, subdivision 4; 327.15, subdivision 3; 517.08, subdivision 1b; Laws 1994, chapter 531, section 1;

Laws 2005, First Special Session chapter 4, article 8, section 66, as amended; Laws 2009, chapter 79, article 3, section 18; article 5, sections 17; 18; 22; 75, subdivision 1; 78, subdivision 5; article 8, sections 2; 51; 84; article 13, sections 3, subdivisions 1, as amended, 3, as amended, 4, as amended, 8, as amended; 4, subdivision 4, as amended; 5, subdivision 8, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, 4, 5, 6, 7; article 2, section 67, subdivisions 2, 3, 4, 7, 9; article 3, section 21, subdivisions 2, 4, 5; article 4, section 12, subdivisions 2, 3, 4, 6; article 5, section 13, subdivisions 4, 6, 7, 9; article 6, section 11, subdivisions 2, 3, 4, 6, 7, 8, 9, 12; article 7, section 3, subdivision 2; Laws 2009, chapter 173, article 1, section 17; Laws 2010, chapter 200, article 1, sections 12, subdivision 5; 16; 21; article 2, section 2, subdivisions 1, 5, 8; Laws 2010, chapter 215, article 3, section 3, subdivision 6; article 13, section 6; proposing coding for new law in Minnesota Statutes, chapters 62D; 62E; 62Q; 137; 144; 144D; 246; 254B; 256; 256B; 477A; repealing Minnesota Statutes 2008, sections 144.607; 254B.02, subdivisions 2, 3, 4; 254B.09, subdivisions 4, 5, 7; 256D.03, subdivisions 3, 3a, 5, 6, 7, 8; Laws 2009, chapter 79, article 7, section 26, subdivision 3; Laws 2010, chapter 200, article 1, sections 12, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 18; 19."

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

House Conferees: Lyndon Carlson, Thomas Huntley, Ann Lenczewski, Mindy Greiling

Senate Conferees: Richard Cohen, Thomas Bakk, LeRoy Stumpf, Linda Berglin

Senator Cohen moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3834 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Vandever moved that the Senate do now adjourn sine die. The motion did not prevail.

CALL OF THE SENATE

Senator Cohen imposed a call of the Senate for the balance of the proceedings on H.F. No. 3834. The Sergeant at Arms was instructed to bring in the absent members.

The question recurred on the adoption of the Cohen motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3834 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 46 and nays 21, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Higgins	Moua	Rummel
Bakk	Dahle	Kelash	Murphy	Saltzman
Berglin	Dibble	Kubly	Olseen	Saxhaug
Betzold	Dille	Langseth	Olson, M.	Scheid
Bonoff	Doll	Latz	Pappas	Sheran
Carlson	Erickson Ropes	Lourey	Pogemiller	Sieben
Chaudhary	Fobbe	Lynch	Prettner Solon	Skoe
Clark	Foley	Metzen	Rest	Skogen

Sparks
Stumpf

Tomassoni
Torres Ray

Vickerman
Wiger

Those who voted in the negative were:

Fischbach
Frederickson
Gerlach
Gimse
Hann

Ingebrigtsen
Johnson
Jungbauer
Koch
Koering

Limmer
Marty
Michel
Olson, G.
Ortman

Pariseau
Parry
Robling
Rosen
Senjem

Vandevveer

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

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 3134, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 3134: A bill for an act relating to government operations; describing how to fold the state flag; defining certain powers of the Council on Black Minnesotans; requiring fiscal notes to include information about job creation; limiting requirements for approval by individual legislators in the disposal process for certain state-owned buildings; increasing threshold requirements for deposit of agency receipts; imposing requirements on agencies for contracts over a certain amount; requiring state chief information officer to develop standards for enhanced public access to state electronic records; clarifying use of fees in the combined charities campaign; transferring membership in the Workers' Compensation Reinsurance Association from the commissioner of management and budget to the commissioner of administration; eliminating and modifying fees for certain filings with the secretary of state; authorizing grants to counties for voting equipment and vote-counting equipment; establishing the Commission on Service Innovation; allowing contiguous counties to establish a home rule charter commission; requiring reports; appropriating money; amending Minnesota Statutes 2008, sections 1.141, by adding subdivisions; 3.9225, subdivision 5; 3.98, subdivision 2; 16A.275; 16B.24, subdivision 3; 16E.04, subdivision 2; 16E.05, by adding a subdivision; 43A.50, subdivision 2; 79.34, subdivision 1; 318.02, subdivision 1; 557.01; proposing coding for new law in Minnesota Statutes, chapters 3; 16C; proposing coding for new law as Minnesota Statutes, chapter 372A; repealing Laws 2005, chapter 162, section 34, subdivision 2, as amended.

Senate File No. 3134 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2634, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2634: A bill for an act relating to public safety; making numerous changes to the controlled substance forfeiture law; expanding the reporting requirements related to forfeiture; requiring model policies on forfeiture; addressing the disposition of forfeiture proceeds; providing for a probable cause determination for certain forfeitures; amending Minnesota Statutes 2008, sections 97A.221, by adding a subdivision; 97A.223, by adding a subdivision; 97A.225, by adding a subdivision; 169A.63, by adding a subdivision; 491A.01, subdivision 3; 609.531, subdivisions 1a, 5, 5a, by adding a subdivision; 609.5311, subdivision 3; 609.5313; 609.5314; 609.5315, subdivisions 5, 6, by adding a subdivision; 609.5318, subdivision 3; 609.762, by adding a subdivision; 609.905, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 84.7741, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 388; 626.

Senate File No. 2634 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 2900, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 2900: A bill for an act relating to natural resources; modifying aquaculture provisions; modifying disposal restrictions for certain livestock taken by wild animals; modifying provisions for taking, possessing, and transporting wild animals; modifying requirements for fish and wildlife management plans; modifying game and fish provisions; modifying game and fish license requirements and fees for youths; increasing certain fishing license fees; modifying certain requirements for invasive species control; modifying certain administrative accounts; modifying electronic transaction provisions; providing for certain registration exemptions; modifying all-terrain vehicle definitions; modifying all-terrain vehicle operation restrictions; modifying state trails and canoe and boating routes; modifying fees and disposition of certain receipts; modifying certain competitive bidding exemptions; modifying horse trail pass provisions; modifying beaver dam provisions; modifying the Water Law; modifying nongame wildlife check offs; modifying method of determining value of acquired stream easements; providing for certain historic property exemption; modifying adding to and deleting from state parks and state forests; authorizing public and private sales, conveyances, and exchanges of certain state land; providing exemptions from rulemaking and requiring rulemaking; providing criminal penalties; appropriating money; amending Minnesota Statutes 2008, sections 17.4982, subdivision 12, by adding a subdivision; 17.4991, subdivision 3; 17.4994; 35.82, subdivision 2; 84.025, subdivision 9; 84.027, subdivision 15; 84.0272, subdivision 2; 84.0856; 84.0857; 84.82, subdivision 3, by adding a subdivision; 84.92, subdivisions 9, 10; 84.922, subdivision 5, by adding a subdivision; 84.925, subdivision 1; 84.942, subdivision 1; 84D.03, subdivision 3; 84D.13, subdivision 3; 85.012, subdivision 40; 85.015, subdivision 14; 85.22, subdivision 5; 85.32, subdivision 1; 85.43; 85.46, as amended; 86B.101; 89.032, subdivision 2; 97A.015, subdivision 52, by adding a subdivision; 97A.055, subdivision 4b; 97A.101, subdivision 3; 97A.145, subdivision 2; 97A.311, subdivision 5; 97A.331, by adding subdivisions; 97A.420, subdivisions 2, 3, 4, 6, by adding a subdivision;

97A.421, subdivision 4a, by adding a subdivision; 97A.433, by adding a subdivision; 97A.435, subdivision 1; 97A.445, subdivision 5; 97A.451, subdivision 3; 97A.475, subdivisions 3a, 4, 43, 44; 97A.535, subdivision 2a; 97A.545, subdivision 5; 97B.015; 97B.020; 97B.021, subdivision 1; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.045, by adding a subdivision; 97B.075; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 3, 6; 97B.325; 97B.405; 97B.515, by adding a subdivision; 97B.601, subdivision 4; 97B.665, subdivision 2; 97B.711, by adding a subdivision; 97B.803; 97C.005, subdivision 3; 97C.087, subdivision 2; 97C.205; 97C.341; 103A.305; 103G.271, subdivision 3; 103G.285, subdivision 5; 103G.301, subdivision 6; 103G.305, subdivision 2; 103G.315, subdivision 11; 103G.515, subdivision 5; 290.431; 290.432; Minnesota Statutes 2009 Supplement, sections 84.928, subdivision 1; 84.95, subdivision 2; 85.015, subdivision 13; 86A.09, subdivision 1; 97A.075, subdivision 1; 97A.445, subdivision 1a; 97A.451, subdivision 2; 97A.475, subdivisions 2, 3; 97B.055, subdivision 3; 97C.395, subdivision 1; 103G.201; Laws 2008, chapter 368, article 1, section 34, as amended; Laws 2009, chapter 176, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 85; 97B; 97C; 103G; repealing Minnesota Statutes 2008, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.942, subdivisions 2, 3, 4; 97A.435, subdivision 5; 97A.451, subdivisions 3a, 4; 97A.485, subdivision 12; 97B.022, subdivision 1; 97B.511; 97B.515, subdivision 3; 97B.665, subdivision 1; 97C.346; 103G.295; 103G.650; Minnesota Statutes 2009 Supplement, sections 3.3006; 84.02, subdivisions 4a, 6a, 6b; Laws 2009, chapter 172, article 5, section 8.

Senate File No. 2900 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned May 15, 2010

MEMBERS EXCUSED

Senators Erickson Ropes, Frederickson and Pariseau were excused from the Session of today from 12:00 noon to 5:05 p.m. Senators Gerlach and Johnson were excused from the Session of today from 4:00 to 4:20 p.m. Senators Fischbach and Senjem were excused from the Session of today from 4:45 to 5:05 p.m. Senator Ortman was excused from the Session of today from 3:25 to 3:30 a.m. Senator Vandever was excused from the Session of today from 3:25 to 3:45 a.m. Senator Bakk was excused from the Session of today from 3:25 to 4:15 a.m.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 3:00 p.m., Sunday, May 16, 2010. The motion prevailed.

Peter S. Wattson, Secretary of the Senate (Legislative)