THIRTY-SECOND DAY

St. Paul, Minnesota, Monday, March 28, 2011

The Senate met at 10:00 a.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Robert J. Gehrke.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

Bakk	Gazelka	Kruse	Newman	Senjem
Benson	Gerlach	Kubly	Nienow	Sheran
Berglin	Gimse	Langseth	Olson	Sieben
Bonoff	Goodwin	Latz	Ortman	Skoe
Brown	Hall	Lillie	Pappas	Sparks
Carlson	Hann	Limmer	Parry	Stumpf
Chamberlain	Harrington	Lourey	Pederson	Thompson
Cohen	Higgins	Magnus	Pogemiller	Tomassoni
Dahms	Hoffman	Marty	Reinert	Torres Ray
Daley	Ingebrigtsen	Metzen	Rest	Vandeveer
DeKruif	Jungbauer	Michel	Robling	Wiger
Dibble	Kelash	Miller	Rosen	Wolf
Fischbach	Koch	Nelson	Saxhaug	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

Senator Limmer from the Committee on Judiciary and Public Safety, to which was referred

S.F. No. 1017: A bill for an act relating to health; modifying minor consent for health procedures and records; amending the retention of blood or tissue samples related to testing of infants

for heritable and congenital disorders; amending Minnesota Statutes 2010, sections 121A.22, subdivision 2; 144.125, subdivisions 1, 3; 144.128; 144.291, subdivision 2; 144.343, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2010, section 144.3441.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 121A.22, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** In addition, this section does not apply to drugs or medicine that are:

(1) purchased without a prescription;

(2) used by a pupil who is 18 years old or older;

(3) used in connection with services for which a minor may give effective consent, including section ~~144.343, subdivision 1, and any other law~~ 144.3433;

(4) used in situations in which, in the judgment of the school personnel who are present or available, the risk to the pupil's life or health is of such a nature that drugs or medicine should be given without delay;

(5) used off the school grounds;

(6) used in connection with athletics or extra curricular activities;

(7) used in connection with activities that occur before or after the regular school day;

(8) provided or administered by a public health agency to prevent or control an illness or a disease outbreak as provided for in sections 144.05 and 144.12;

(9) prescription asthma or reactive airway disease medications self-administered by a pupil with an asthma inhaler if the district has received a written authorization from the pupil's parent permitting the pupil to self-administer the medication, the inhaler is properly labeled for that student, and the parent has not requested school personnel to administer the medication to the pupil. The parent must submit written authorization for the pupil to self-administer the medication each school year; or

(10) prescription nonsyringe injectors of epinephrine, consistent with section 121A.2205, if the parent and prescribing medical professional annually inform the pupil's school in writing that (i) the pupil may possess the epinephrine or (ii) the pupil is unable to possess the epinephrine and requires immediate access to nonsyringe injectors of epinephrine that the parent provides properly labeled to the school for the pupil as needed.

Sec. 2. Minnesota Statutes 2010, section 144.125, subdivision 1, is amended to read:

Subdivision 1. **Duty to perform testing.** It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health. Testing ~~and the recording~~ and reporting of test results

shall be performed at the times and in the manner prescribed by the commissioner of health. The commissioner shall charge a fee so that the total of fees collected will approximate the costs of conducting the tests and implementing and maintaining a system to follow-up infants with heritable or congenital disorders, including hearing loss detected through the early hearing detection and intervention program under section 144.966. The fee is $101 per specimen. Effective July 1, 2010, the fee shall be increased to $106 per specimen. The increased fee amount shall be deposited in the general fund. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of the fees.

Sec. 3. Minnesota Statutes 2010, section 144.125, subdivision 3, is amended to read:

Subd. 3. **Objection of parents to test.** Persons with a duty to perform testing under subdivision 1 shall advise parents of infants (1) that the blood or tissue samples will be used to perform testing ~~thereunder as well as the results of such testing may be retained by the Department of Health, (2) the benefit of retaining the blood or tissue sample~~, and ~~(3)~~ (2) that a form is available in which the following options ~~are available to them~~ may be chosen with respect to the testing: (i) to decline to have the tests, or (ii) to elect to have the tests ~~but~~ and to ~~require that~~ allow all blood samples and records of test results to be ~~destroyed within~~ retained by the Department of Health for 24 months ~~of~~ after the testing. If the parents of an infant object in writing to testing for heritable and congenital disorders or elect to ~~require that~~ allow blood samples and test results to be ~~destroyed~~ retained, the objection or election shall be recorded on a form that is signed by a parent or legal guardian and made part of the infant's medical record. A written objection exempts an infant from the requirements of this section and section 144.128.

Sec. 4. Minnesota Statutes 2010, section 144.128, is amended to read:

144.128 COMMISSIONER'S DUTIES; STORED BLOOD AND TISSUE SAMPLES.

The commissioner shall:

(1) notify the physicians of newborns tested of the results of the tests performed;

(2) make referrals for the necessary treatment of diagnosed cases of heritable and congenital disorders when treatment is indicated;

~~(3) maintain a registry of the cases of heritable and congenital disorders detected by the screening program for the purpose of follow-up services;~~

~~(4) prepare a separate form for use by parents or by adults who were tested as minors to direct that blood samples and test results be destroyed;~~

~~(5) comply with a destruction request within 45 days after receiving it;~~

~~(6) notify individuals who request destruction of samples and test results that the samples and test results have been destroyed; and~~

~~(7) adopt rules to carry out sections 144.125 to 144.128.~~

(3) destroy blood or tissue samples obtained from test results immediately after completion of the test results, unless the parent of the newborn tested elects under section 144.125, subdivision 3, to retain the results, in which case the test results may be retained for up to 24 months; and

(4) destroy all blood or tissue samples and material and records related to stored samples that were collected and stored by the commissioner before August 1, 2011.

Sec. 5. Minnesota Statutes 2010, section 144.291, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of sections 144.291 to 144.298, the following terms have the meanings given.

(a) "Group purchaser" has the meaning given in section 62J.03, subdivision 6.

(b) "Health information exchange" means a legal arrangement between health care providers and group purchasers to enable and oversee the business and legal issues involved in the electronic exchange of health records between the entities for the delivery of patient care.

(c) "Health record" means any information, whether oral or recorded in any form or medium, that relates to the past, present, or future physical or mental health or condition of a patient; the provision of health care to a patient; or the past, present, or future payment for the provision of health care to a patient.

(d) "Identifying information" means the patient's name, address, date of birth, gender, parent's or guardian's name regardless of the age of the patient, and other nonclinical data which can be used to uniquely identify a patient.

(e) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

(f) "Medical emergency" means medically necessary care which is immediately needed to preserve life, prevent serious impairment to bodily functions, organs, or parts, or prevent placing the physical or mental health of the patient in serious jeopardy.

(g) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient appoints in writing as a representative, including a health care agent acting according to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. Except for minors who have received health care services under ~~sections~~ section 144.341 ~~to 144.347,~~; 144.342; or 144.3433, in the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian. A parent or guardian is entitled to full access to a minor child's health records except as otherwise explicitly provided in law.

(h) "Provider" means:

(1) any person who furnishes health care services and is regulated to furnish the services under chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148C, 148D, 150A, 151, 153, or 153A;

(2) a home care provider licensed under section 144A.46;

(3) a health care facility licensed under this chapter or chapter 144A;

(4) a physician assistant registered under chapter 147A; and

(5) an unlicensed mental health practitioner regulated under sections 148B.60 to 148B.71.

(i) "Record locator service" means an electronic index of patient identifying information that directs providers in a health information exchange to the location of patient health records held by providers and group purchasers.

(j) "Related health care entity" means an affiliate, as defined in section 144.6521, subdivision 3, paragraph (b), of the provider releasing the health records.

Sec. 6. **[144.3433] CONSENT OF MINOR TO CERTAIN MEDICAL PROCEDURES.**

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

(b) "Abortion" means the use of any means to terminate the pregnancy of a woman known to be pregnant with knowledge that the termination with those means will, with reasonable likelihood, cause the death of the fetus.

(c) "Fetus" means any individual human organism from fertilization until birth.

(d) "Incest" means conduct prohibited under section 609.365.

(e) "Physical abuse" has the meaning given in section 626.556.

(f) "Sexual abuse" has the meaning given in section 626.556.

Subd. 2. **Minor's consent invalid; exception for sexual abuse, incest, and physical abuse.** (a) A minor may not give effective consent for medical, mental, or other health services to determine the presence of or to treat pregnancy and associated conditions, including contraception, abortion, and venereal disease, or to treat alcohol and other drug abuse.

(b) Notwithstanding paragraph (a), a minor may give effective consent and the consent of no other person is required, if the minor declares that the minor is a victim of physical abuse, sexual abuse, or incest perpetrated by the minor's parent or legal guardian and a court under subdivision 4 determines that the abuse or incest occurred and that having the services performed is in the best interests of the minor. If this occurs, the minor's parents or legal guardian must not have access to the minor's health records without express authorization from the minor. Notice of a minor's declaration that the minor is a victim of physical abuse, sexual abuse, or incest shall be made to the proper authorities as provided in section 626.556, subdivision 3.

Subd. 3. **Exception.** Subdivision 2 does not apply if the attending physician certifies in the minor's medical record that the services are necessary to prevent the minor's death and there is insufficient time to obtain consent.

Subd. 4. **Judicial determination.** (a) This subdivision applies if a minor declares that the minor may give consent to a service under subdivision 2, paragraph (b).

(b) A judge, upon petition or motion and after an appropriate hearing, may authorize a health care provider to provide a service if the judge determines that:

(1) the minor is a victim of physical abuse, sexual abuse, or incest perpetrated by the minor's parent or legal guardian; and

(2) it would be in the minor's best interests to receive the service.

(c) A minor may participate in proceedings in the court on the minor's own behalf, and the court may appoint a guardian ad litem for the minor. The court shall advise the minor that the minor has a right to court appointed counsel and shall, upon request, appoint counsel.

(d) Proceedings in the court under this section are confidential and must be given precedence over other pending matters so that the court may reach a decision promptly and without delay so as to serve the best interests of the minor. A judge who conducts proceedings under this section shall make specific written factual findings and conclusions supporting the decision and shall order a record of the evidence to be maintained, including the judge's own findings and conclusions.

(e) An expedited confidential appeal must be available to a minor for whom the court denies an order under this section. An order authorizing a service is not subject to appeal. No filing fee may be required of a minor at the trial or the appellate level. Access to the trial court for the purposes of a petition or motion, and access to the appellate courts for purposes of making an appeal from a denial of a request, must be available 24 hours a day, seven days a week.

Subd. 5. **Costs associated with judicial determination; calculation by court, reimbursement by commissioner of management and budget.** A court making the determinations required in subdivision 4 shall calculate the amount of court resources dedicated to doing so, including the use of any guardian ad litem and court appointed counsel, and forward this calculation to the state court administrator. The state court administrator shall determine the monetary value of the resources used and submit this determination to the commissioner of management and budget. Within 30 days of receiving the state court administrator's determination, the commissioner shall reimburse the administrator for the expenses.

Subd. 6. **Penalty.** Performance of a service in violation of this section is a misdemeanor and is grounds for a civil action by a parent wrongfully denied the opportunity to give effective consent on behalf of the minor. A person is not liable under this section if the person establishes by written evidence that the person relied upon evidence sufficient to convince a careful and prudent person that the representations of the minor regarding information necessary to comply with this section are bona fide and true.

Subd. 7. **Severability.** If any provision, word, phrase or clause of this section or its application to any person or circumstance is held invalid, this invalidity does not affect the provisions, words, phrases, clauses, or application of this section that can be given effect without the invalid provision, word, phrase, clause, or application, and to this end the provisions, words, phrases, and clauses of this section are declared to be severable.

Sec. 7. **[144.349] MINORS IN OUT-OF-HOME PLACEMENT.**

(a) The executive director, program manager, or a designee of a licensed residential facility providing outreach, community support, and short-term shelter for unaccompanied homeless, runaway, or abandoned youth may give effective consent after reasonable efforts have been made to contact the parent or legal guardian of the minor for medical, mental, and other health services, except for family planning services, for a minor child while the minor child is receiving services from the licensed residential facility, and the consent of no other person is required. If a minor receives medical, mental, or other health services under this section, the minor's parents must have access to the minor's health records.

(b) For purposes of this section, "residential facility" means a facility or program licensed by the

commissioner of human services under chapter 245A to serve children in out-of-home placement that has a specific contract with the facility's host county to provide services to youth identified under paragraph (a).

Sec. 8. **[144.3491] ORGANIZATIONS RECEIVING TITLE X FUNDS.**

Nothing in section 144.3433 requires an organization that receives federal funds under Title X of the Public Health Service Act to refrain from performing any service that is required to be provided as a condition of receiving Title X funds, as specified by the provisions of Title X or the Title X program guidelines for project grants for family planning services published by the United States Department of Health and Human Services.

Sec. 9. **REPEALER.**

Minnesota Statutes 2010, sections 144.343; and 144.3441, are repealed."

Delete the title and insert:

"A bill for an act relating to health; modifying minor consent for health procedures and records; amending the retention of blood or tissue samples related to testing of infants for heritable and congenital disorders; amending Minnesota Statutes 2010, sections 121A.22, subdivision 2; 144.125, subdivisions 1, 3; 144.128; 144.291, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144; repealing Minnesota Statutes 2010, sections 144.343; 144.3441."

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

REPORT OF VOTE IN COMMITTEE

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the motion that S.F. No. 1017 be recommended to pass.

There were yeas 8 and nays 5, as follows:

Those who voted in the affirmative were:

Senators Hall, Hoffman, Ingebrigtsen, Jungbauer, Limmer, Newman, Ortman and Thompson.

Those who voted in the negative were:

Senators Goodwin, Harrington, Latz, Marty and Scheid.

The bill was recommended to pass.

Senator Senjem from the Committee on Capital Investment, to which was referred

S.F. No. 986: A bill for an act relating to capital investment; canceling bond sale authorizations and reducing appropriations; requiring the sale and issuance of refunding bonds.

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

Page 1, line 19, delete "cancel" and insert "delay the issuance of"

Page 1, line 20, delete "cancellations" and insert "delays"

Page 1, after line 22, insert:

"Subd. 4. **Effect of delay.** Any delay in a capital investment project incurred as a result of this section shall not be counted toward the four-year time limits set forth in Minnesota Statutes, section 16A.642."

Amend the title as follows:

Page 1, line 2, delete "canceling" and insert "delaying"

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

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

H.F. No. 12 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	**S.F. No.**	**H.F. No.**	**S.F. No.**	**H.F. No.**	**S.F. No.**
12	222				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 12 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 12, the second engrossment; and insert the language after the enacting clause of S.F. No. 222, the first engrossment; further, delete the title of H.F. No. 12, the second engrossment; and insert the title of S.F. No. 222, the first engrossment.

And when so amended H.F. No. 12 will be identical to S.F. No. 222, and further recommends that H.F. No. 12 be given its second reading and substituted for S.F. No. 222, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF HOUSE BILLS

H.F. No. 12 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Lillie introduced–

S.F. No. 1048: A bill for an act relating to taxation; income; allowing a subtraction for social security benefits; amending Minnesota Statutes 2010, sections 290.01, subdivision 19b; 290.091, subdivision 2.

Referred to the Committee on Taxes.

Senator Latz introduced–

S.F. No. 1049: A bill for an act relating to building officials; establishing the Building Code Administrators and Inspections Board; amending Minnesota Statutes 2010, sections 326B.133, subdivisions 2, 3, 8, 9; 326B.135, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapter 326B.

Referred to the Committee on Jobs and Economic Growth.

Senators Lillie and Wiger introduced–

S.F. No. 1050: A bill for an act relating to capital investment; transferring money appropriated for the Bayport storm sewer project to the city of Oak Park Heights for a pedestrian tunnel; amending Laws 2008, chapter 179, section 22, subdivision 8.

Referred to the Committee on Capital Investment.

Senators Dahms, Magnus, Kubly, Rosen and Sheran introduced–

S.F. No. 1051: A bill for an act relating to capital improvements; appropriating money for flood hazard mitigation in Area II of the Minnesota River Basin; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Dahms, Magnus, Kubly, Rosen and Sheran introduced–

S.F. No. 1052: A bill for an act relating to capital investment; appropriating money for flood hazard mitigation in Springfield; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Sheran and Hoffman introduced–

S.F. No. 1053: A bill for an act relating to nursing; requiring a criminal history record check; appropriating money; amending Minnesota Statutes 2010, section 364.09; proposing coding for new law in Minnesota Statutes, chapter 148.

Referred to the Committee on Health and Human Services.

Senators Marty, Torres Ray and Goodwin introduced–

S.F. No. 1054: A bill for an act relating to accountability and quality in public health care programs; requiring state contracting directly with health care providers instead of insurance plans; proposing coding for new law in Minnesota Statutes, chapter 256.

Referred to the Committee on Health and Human Services.

Senators Sheran and Hoffman introduced–

S.F. No. 1055: A bill for an act relating to nurses; making technical changes; repealing license recognition for bordering states; establishing certain fees; amending Minnesota Statutes 2010, sections 148.191, subdivision 2; 148.211, subdivision 1; 148.212, subdivision 1; 148.231; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 2010, section 148.211, subdivision 2a; Minnesota Rules, parts 6310.3100, subpart 2; 6310.3600; 6310.3700, subpart 1.

Referred to the Committee on Health and Human Services.

MOTIONS AND RESOLUTIONS

Senator Pappas moved that her name be stricken as a co-author to S.F. No. 910. The motion prevailed.

Senator Higgins moved that the name of Senator Nelson be added as a co-author to S.F. No. 1020. The motion prevailed.

Senator Newman moved that the name of Senator Limmer be added as a co-author to S.F. No. 1027. The motion prevailed.

SPECIAL ORDERS

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

S.F. Nos. 1016 and 887.

SPECIAL ORDER

S.F. No. 1016: A bill for an act relating to state government; appropriating money for agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; modifying certain fees; modifying certain restrictions on farm disposal; clarifying the authority of certain entities; amending Minnesota Statutes 2010, sections 17.135; 18B.03, subdivision 1; 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18C.131; 18C.425, by adding a subdivision; 18D.201, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 28A.08, subdivision 3; 38.01; 41A.09, subdivision 3a; 373.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115A.

Senator Magnus moved to amend S.F. No. 1016 as follows:

Page 3, line 18, after "inspections" insert "and recommendations for fee changes to eliminate the shortfall"

Page 5, line 13, delete "$15,014,000" and insert "$13,732,000"

Page 5, line 27, delete "$3,000,000" and insert "$3,500,000"

Page 7, line 2, delete everything after the period

Page 7, delete lines 3 to 7

Page 7, line 8, delete everything before "The"

Page 7, line 21, delete "7,139,000" and insert "7,243,000" and delete "7,139,000" and insert "7,243,000"

Page 7, line 24, delete "6,339,000" and insert "6,443,000" and delete "6,339,000" and insert "6,443,000"

Page 11, line 6, delete "4,799,000" and insert "4,841,000" delete "4,799,000" and insert "4,841,000"

Page 11, delete lines 7 to 17

Page 16, delete section 16

Page 20, delete section 18

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Kubly moved to amend S.F. No. 1016 as follows:

Page 6, line 35, delete "$2,380,000" and insert "$1,880,000"

Page 11, line 19, delete "2,393,000" and insert "2,643,000" delete "2,393,000" and insert "2,643,000"

Adjust amounts accordingly

Renumber or reletter in sequence and correct internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 1016 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 39 and nays 25, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Nelson	Rosen
Brown	Gerlach	Kruse	Newman	Saxhaug
Carlson	Gimse	Kubly	Nienow	Senjem
Chamberlain	Hall	Lillie	Olson	Stumpf
Dahms	Hann	Limmer	Ortman	Thompson
Daley	Hoffman	Magnus	Parry	Vandeveer
DeKruif	Ingebrigtsen	Michel	Pederson	Wolf
Fischbach	Jungbauer	Miller	Robling	

Those who voted in the negative were:

Bakk	Goodwin	Latz	Pogemiller	Skoe
Berglin	Harrington	Lourey	Reinert	Sparks
Bonoff	Higgins	Marty	Rest	Tomassoni
Cohen	Kelash	Metzen	Sheran	Torres Ray
Dibble	Langseth	Pappas	Sieben	Wiger

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

SPECIAL ORDER

S.F. No. 887: A bill for an act relating to state government; appropriating money for jobs, economic development, and housing; modifying certain programs; modifying fees and licensing, registration, and continuing education provisions; amending Minnesota Statutes 2010, sections 116J.035, by adding a subdivision; 116J.8737, subdivisions 1, 2, 4; 116L.04, subdivision 1; 181.723, subdivision 5; 182.6553, subdivision 6; 326B.04, subdivision 2; 326B.091; 326B.098; 326B.13, subdivision 8; 326B.148, subdivision 1; 326B.42, subdivisions 8, 9, 10, by adding subdivisions; 326B.435, subdivision 2; 326B.438; 326B.46, subdivisions 1a, 1b, 2, 3; 326B.47, subdivisions 1, 3; 326B.49, subdivision 1; 326B.56, subdivision 1; 326B.58; 326B.82, subdivisions 2, 3, 7, 9; 326B.821, subdivisions 1, 5, 5a, 6, 7, 8, 9, 10, 11, 12, 15, 16, 18, 19, 20, 22, 23; 326B.865; 326B.89, subdivisions 6, 8; 327.32, subdivisions 1a, 1b, 1e; 327.33, subdivisions 1, 2; 341.321; Laws 2009, chapter 78, article 1, section 18; proposing coding for new law in Minnesota Statutes, chapter 326B; repealing Minnesota Statutes 2010, sections 326B.82, subdivisions 4, 6; 326B.821, subdivision 3.

Senator Tomassoni moved to amend S.F. No. 887 as follows:

Page 6, delete lines 10 to 29 and insert:

"(a) $45,000,000 of the unemployment compensation taxes paid in fiscal year 2012, pursuant to Minnesota Statutes, section 268.051, that would otherwise go into the unemployment insurance trust fund shall be transferred to the general fund."

Adjust amounts accordingly

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Saxhaug	Tomassoni
Berglin	Higgins	Marty	Sheran	Torres Ray
Bonoff	Kelash	Metzen	Sieben	Wiger
Cohen	Kubly	Pappas	Skoe	
Dibble	Langseth	Reinert	Sparks	
Goodwin	Latz	Rest	Stumpf	

Those who voted in the negative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandeveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	
Fischbach	Jungbauer	Nelson	Rosen	

The motion did not prevail. So the amendment was not adopted.

Senator Tomassoni moved to amend S.F. No. 887 as follows:

Page 6, delete lines 10 to 29 and insert:

"(a) The commissioner of management and budget shall transfer a total of $45,000,000 of any property taxes collected for calendar year 2011 under Minnesota Statutes, in equal amounts, from the 37 Republican Minnesota Senate Districts to the general fund. The commissioner shall transfer $15,000,000 plus accrued interest, on July 1, beginning in each year, 2015, 2016, and 2017, from the general fund in equal amounts to the 37 Republican Minnesota Senate Districts."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 19 and nays 43, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Metzen	Saxhaug	Stumpf
Berglin	Higgins	Pappas	Sheran	Tomassoni
Cohen	Kelash	Reinert	Skoe	Wiger
Goodwin	Langseth	Rest	Sparks	

Those who voted in the negative were:

Benson	Dibble	Ingebrigtsen	Magnus	Ortman
Bonoff	Fischbach	Jungbauer	Marty	Parry
Brown	Gazelka	Koch	Michel	Pederson
Carlson	Gerlach	Kruse	Miller	Robling
Chamberlain	Gimse	Kubly	Nelson	Rosen
Dahms	Hall	Latz	Newman	Senjem
Daley	Hann	Lillie	Nienow	Sieben
DeKruif	Hoffman	Limmer	Olson	Thompson

Torres Ray Vandeveer Wolf

The motion did not prevail. So the amendment was not adopted.

Senator Bakk moved to amend S.F. No. 887 as follows:

Page 16, after line 20, insert:

"Sec. 6. Minnesota Statutes 2008, section 177.24, subdivision 2, is amended to read:

Subd. 2. ~~**Gratuities not applied**~~ **Tipped employees.** ~~No employer may directly or indirectly credit, apply, or utilize gratuities towards payment of the minimum wage set by this section or federal law.~~

(a) "Tip or gratuity" means a sum presented by a customer in recognition of a service performed. It does not include:

(1) payment of a charge made for a service;

(2) any amount turned over to or credited to the employer to be treated by the employer as part of the employer's gross receipts; or

(3) a compulsory charge for service, including a fixed percentage of the total amount of the bill, imposed on a customer unless the total amount of the compulsory charge is distributed by the employer to the employee.

(b) When tips or gratuities are received by the employee, the employer may pay an amount less than the applicable minimum wage under subdivision 1, only if the employer can establish by its payroll records that for each payroll period during which the employer pays an employee an amount less than the minimum wage, that after adding the tips received to the wages paid, no less than the minimum wage under subdivision 1 was received by the employee. However, in no case can an employer pay less than 50 percent of the applicable minimum wage under subdivision 1.

(c) When an employer pays an amount under paragraph (b) that is less than the minimum wage, the employer must:

(1) have a tip declaration signed by the employee each pay period; and

(2) show on the payroll records that required Social Security or other taxes have been withheld each pay period which demonstrate that when adding tips received to the wages paid by the employer, an amount no less than the minimum wage under subdivision 1 was received by the employee.

If the employer's payroll records do not contain the required information, the employer shall not pay an amount less than the minimum wage.

(d) Under a pooling arrangement whereby the employer redistributes tips to employees based upon a system developed by and to which the employees have mutually agreed among themselves, only the amounts received and retained by each individual employee are counted as the employee's tips.

(e) This subdivision applies only when an employee receives tips or gratuities in excess of $50 per month."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Michel questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 887 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 36 and nays 28, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandeveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Ingebrigtsen	Miller	Robling	
Fischbach	Jungbauer	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Lourey	Rest	Stumpf
Berglin	Higgins	Marty	Saxhaug	Tomassoni
Bonoff	Kelash	Metzen	Sheran	Torres Ray
Cohen	Kubly	Pappas	Sieben	Wiger
Dibble	Langseth	Pogemiller	Skoe	
Goodwin	Latz	Reinert	Sparks	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

Senator Ortman from the Committee on Taxes, to which was referred

S.F. No. 1030: A bill for an act relating to education; providing for general education; education excellence; special programs; facilities and technology; nutrition and accounting; libraries; early childhood education; prevention; self-sufficiency and lifelong learning; state agencies; and forecast adjustments; amending Minnesota Statutes 2010, sections 11A.16, subdivision 5; 120A.22, subdivision 11; 120A.24; 120B.023, subdivision 2; 120B.07; 121A.15, subdivision 8; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.40, subdivisions 7, 9, 11, 13, 15, 16, by adding subdivisions; 122A.41, subdivisions 4, 14, by adding a subdivision; 123B.42, subdivision 1; 123B.44, subdivision 1; 123B.54; 123B.57; 123B.63, subdivision 3; 123B.75, subdivision 5; 123B.88, by adding a subdivision; 123B.92, subdivision 1; 124D.09, subdivisions 5, 7, 8; 124D.10,

subdivision 3; 124D.11, subdivision 4; 124D.36; 124D.37; 124D.38, subdivision 3; 124D.385, subdivision 3; 124D.39; 124D.40; 124D.42; 124D.44; 124D.45, subdivision 2; 124D.4531, subdivision 1; 124D.531, subdivisions 1, 4; 124D.59, subdivision 2; 125A.69, subdivision 1; 125A.76, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 2, 3, 7, 8, 8a, 14, 18; 126C.126; 126C.20; 126C.40, subdivision 1; 126C.44; 127A.441; 127A.45, subdivisions 2, 6a; 171.05, subdivision 2; 171.17, subdivision 1; 171.22, subdivision 1; 181A.05, subdivision 1; Laws 1999, chapter 241, article 4, section 25, by adding a subdivision; Laws 2008, chapter 363, article 2, section 46, subdivision 1, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; repealing Minnesota Statutes 2010, sections 120A.26, subdivisions 1, 2; 122A.60; 122A.61; 123B.05; 124D.11, subdivision 8; 124D.38, subdivisions 4, 5, 6; 124D.86; 124D.87; 124D.871; 124D.88; 124D.892, subdivisions 1, 2; 124D.896; 127A.46; Minnesota Rules, parts 3535.0100; 3535.0110; 3535.0120; 3535.0130; 3535.0140; 3535.0150; 3535.0160; 3535.0170; 3535.0180.

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

Page 21, after line 4, insert:

"Sec. 28. **SCHOOL DISTRICT LEVY ADJUSTMENTS.**

Subdivision 1. **Tax rate adjustment.** The commissioner of education must adjust each school district tax rate established under Minnesota Statutes, chapters 120B to 127A, by multiplying the rate by the ratio of the statewide total tax capacity for assessment year 2010 as it existed prior to the passage of Senate File No. 27, or a similarly styled bill, to the statewide total tax capacity for assessment year 2010.

Subd. 2. **Equalizing factors.** The commissioner of education must adjust each school district equalizing factor established under Minnesota Statutes, chapters 120B to 127A, by dividing the equalizing factor by the ratio of the statewide total tax capacity for assessment year 2010 as it existed prior to the passage of Senate File No. 27, or a similarly styled bill, to the statewide total tax capacity for assessment year 2010."

Page 34, line 31, delete the first "of"

Page 68, delete lines 2 and 3 and insert:

"**EFFECTIVE DATE.** This section is effective the day following final enactment for referenda conducted on or after the 53rd day following final enactment."

Renumber the sections in sequence

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

Senator Ortman from the Committee on Taxes, to which was re-referred

S.F. No. 898: A bill for an act relating to transportation; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers, contingent appropriations, and tort claims; creating trunk highway economic development account; modifying provisions for distribution of town road account; modifying provisions for plates for physically disabled persons; expanding eligibility for Gold Star license plates; adjusting and clarifying driver's license fees; extending coverage of certain permit; allowing driver and vehicle transaction applicants to add $2 donation for anatomical gift program; creating anatomical gift account; extending expiration date for collection of technology surcharge; requiring information and reports concerning fixed guideway investments; modifying provisions relating to aviation fuel taxes and aircraft property taxes; authorizing fund transfers; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 161.04, by adding a subdivision; 162.06, subdivision 1; 162.081, subdivision 4; 162.12, subdivision 1; 168.013, subdivision 21; 168.021; 168.12, subdivision 5; 168.1253, subdivision 1; 168.33, subdivision 7; 168A.29, subdivision 1; 169.345, subdivisions 1, 3; 169.86, subdivision 5; 171.06, subdivision 2; 174.93; 270.075, by adding a subdivision; 296A.09, subdivisions 2, 6; 296A.17, subdivision 3; 299A.705, subdivision 3; 360.511, by adding a subdivision; 360.531, subdivisions 1, 2, by adding a subdivision; 360.57; Laws 2009, chapter 36, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 171; repealing Minnesota Statutes 2010, section 360.531, subdivisions 3, 4, 6.

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

Page 33, line 11, delete "2013" and insert "2015"

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

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

S.F. No. 958: A bill for an act relating to public safety; acquiring an easement for the correctional facility in Faribault; appropriating money for the courts, public defenders, public safety, corrections, certain other criminal justice agencies, boards, and commissions; amending Minnesota Statutes 2010, section 297I.06, subdivision 3.

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

Senator Hann from the Committee on Health and Human Services, to which was referred

S.F. No. 760: A bill for an act relating to human services; requiring the commissioner of human services to seek a waiver from the federal government to reform the medical assistance program; setting guidelines for the reformed medical assistance program; providing for rulemaking authority; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Delete everything after the enacting clause and insert:

"**ARTICLE 1**

CONTINUING CARE

Section 1. Minnesota Statutes 2010, section 256.01, subdivision 24, is amended to read:

Subd. 24. **Disability linkage line.** The commissioner shall establish the disability linkage line, ~~a~~ to serve as Minnesota's neutral access point for statewide ~~consumer~~ disability information~~, referral,~~ and assistance ~~system for people with disabilities and chronic illnesses that~~. The Disability Linkage Line shall:

(1) deliver information and assistance based on national and state standards;

~~(1) provides~~ (2) provide information about state and federal eligibility requirements, benefits, and service options;

(3) provide benefits and options counseling;

~~(2) makes~~ (4) make referrals to appropriate support entities;

~~(3) delivers information and assistance based on national and state standards;~~

~~(4) assists~~ (5) educate people ~~to~~ on their options so they can make well-informed ~~decisions~~ choices; ~~and~~

~~(5) supports~~ (6) help support the timely resolution of service access and benefit issues;

(7) inform people of their long-term community services and supports;

(8) provide necessary resources and supports that can lead to employment and increased economic stability of people with disabilities; and

(9) serve as the technical assistance and help center for the Web-based tool, Minnesota's Disability Benefits 101.org.

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

Sec. 2. Minnesota Statutes 2010, section 256.01, subdivision 29, is amended to read:

Subd. 29. **State medical review team.** (a) To ensure the timely processing of determinations of disability by the commissioner's state medical review team under sections 256B.055, subdivision 7, paragraph (b), 256B.057, subdivision 9, ~~paragraph (j),~~ and 256B.055, subdivision 12, the commissioner shall review all medical evidence submitted by county agencies with a referral and seek additional information from providers, applicants, and enrollees to support the determination of disability where necessary. Disability shall be determined according to the rules of title XVI and title XIX of the Social Security Act and pertinent rules and policies of the Social Security Administration.

(b) Prior to a denial or withdrawal of a requested determination of disability due to insufficient evidence, the commissioner shall (1) ensure that the missing evidence is necessary and appropriate to a determination of disability, and (2) assist applicants and enrollees to obtain the evidence, including, but not limited to, medical examinations and electronic medical records.

(c) The commissioner shall provide the chairs of the legislative committees with jurisdiction over health and human services finance and budget the following information on the activities of the state medical review team by February 1 of each year:

(1) the number of applications to the state medical review team that were denied, approved, or withdrawn;

(2) the average length of time from receipt of the application to a decision;

(3) the number of appeals, appeal results, and the length of time taken from the date the person involved requested an appeal for a written decision to be made on each appeal;

(4) for applicants, their age, health coverage at the time of application, hospitalization history within three months of application, and whether an application for Social Security or Supplemental Security Income benefits is pending; and

(5) specific information on the medical certification, licensure, or other credentials of the person or persons performing the medical review determinations and length of time in that position.

(d) Any appeal made under section 256.045, subdivision 3, of a disability determination made by the state medical review team must be decided according to the timelines under section 256.0451, subdivision 22, paragraph (a). If a written decision is not issued within the timelines under section 256.0451, subdivision 22, paragraph (a), the appeal must be immediately reviewed by the chief appeals referee.

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

Sec. 3. Minnesota Statutes 2010, section 256B.056, subdivision 1a, is amended to read:

Subd. 1a. **Income and assets generally.** Unless specifically required by state law or rule or federal law or regulation, the methodologies used in counting income and assets to determine eligibility for medical assistance for persons whose eligibility category is based on blindness, disability, or age of 65 or more years, the methodologies for the supplemental security income program shall be used, except as provided under subdivision 3, clause (6). 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. Effective upon federal approval, for children eligible under section 256B.055, subdivision 12, or for home and community-based waiver services whose eligibility for medical assistance is determined without regard to parental income, child support payments, including any payments made by an obligor in satisfaction of or in addition to a temporary or permanent order for child support, and Social Security payments are not counted as income. For families and children, which includes all other eligibility categories, the methodologies under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law 104-193, shall be used, except that effective October 1, 2003, the earned income disregards and deductions are limited to those in subdivision 1c. For these purposes, a "methodology" does not include an asset or income standard, or accounting method, or method of determining effective dates.

Sec. 4. Minnesota Statutes 2010, 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)~~ (d); and

(6) when a person enrolled in medical assistance under section 256B.057, subdivision 9, reaches age 65 and has been enrolled during each of the 24 consecutive months before the person's 65th birthday, the assets owned by the person and the person's spouse must be disregarded, up to the limits of section 256B.057, subdivision 9, paragraph (c), when determining eligibility for medical assistance under section 256B.055, subdivision 7. The income of a spouse of a person enrolled in medical assistance under section 256B.057, subdivision 9, during each of the 24 consecutive months before the person's 65th birthday must be disregarded when determining eligibility for medical assistance under section 256B.055, subdivision 7, when the person reaches age 65. Persons eligible under this clause are not subject to the provisions in section 256B.059.

(b) No asset limit shall apply to persons eligible under section 256B.055, subdivision 15.

Sec. 5. Minnesota Statutes 2010, 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)~~ (d); and

(4) pays a premium and other obligations under paragraph (e).

(b) For purposes of eligibility, there is a $65 earned income disregard. To be eligible for medical

assistance under this subdivision, a person must have more than $65 of earned income. Earned income must have Medicare, Social Security, and applicable state and federal taxes withheld. The person must document earned income tax withholding. Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

~~(b)~~ (c) 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, and is without receipt of earned income 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)~~ (d) 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; and

(4) spousal assets, including spouse's share of jointly held assets.

~~(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.~~ All enrollees must pay a premium to be eligible for medical assistance under this subdivision.

(1) An enrollee must pay the greater of a $65 premium or the premium ~~shall be~~ calculated 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.

(2) 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~~ five 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)~~ (4) 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.

(k) 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).

EFFECTIVE DATE. This section is effective January 1, 2014, for adults age 21 or older, and October 1, 2019, for children age 16 to before the child's 21st birthday.

Sec. 6. Minnesota Statutes 2010, section 256B.0625, subdivision 19a, is amended to read:

Subd. 19a. **Personal care assistance services.** Medical assistance covers personal care assistance services in a recipient's home. Effective January 1, 2010, to qualify for personal care

assistance services, a recipient must require assistance and be determined dependent in one activity of daily living as defined in section 256B.0659, subdivision 1, paragraph (b), or in a Level I behavior as defined in section 256B.0659, subdivision 1, paragraph (c). ~~Beginning July 1, 2011, to qualify for personal care assistance services, a recipient must require assistance and be determined dependent in at least two activities of daily living as defined in section 256B.0659.~~ Recipients or responsible parties must be able to identify the recipient's needs, direct and evaluate task accomplishment, and provide for health and safety. Approved hours may be used outside the home when normal life activities take them outside the home. To use personal care assistance services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school. Total hours for services, whether actually performed inside or outside the recipient's home, cannot exceed that which is otherwise allowed for personal care assistance services in an in-home setting according to sections 256B.0651 to 256B.0656. Medical assistance does not cover personal care assistance services for residents of a hospital, nursing facility, intermediate care facility, health care facility licensed by the commissioner of health, or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the personal care assistance services or forgoes the facility per diem for the leave days that personal care assistance services are used. All personal care assistance services must be provided according to sections 256B.0651 to 256B.0656. Personal care assistance services may not be reimbursed if the personal care assistant is the spouse or paid guardian of the recipient or the parent of a recipient under age 18, or the responsible party or the family foster care provider of a recipient who cannot direct the recipient's own care unless, in the case of a foster care provider, a county or state case manager visits the recipient as needed, but not less than every six months, to monitor the health and safety of the recipient and to ensure the goals of the care plan are met. Notwithstanding the provisions of section 256B.0659, the unpaid guardian or conservator of an adult, who is not the responsible party and not the personal care provider organization, may be reimbursed to provide personal care assistance services to the recipient if the guardian or conservator meets all criteria for a personal care assistant according to section 256B.0659, and shall not be considered to have a service provider interest for purposes of participation on the screening team under section 256B.092, subdivision 7.

Sec. 7. Minnesota Statutes 2010, section 256B.0652, subdivision 6, is amended to read:

Subd. 6. **Authorization; personal care assistance and qualified professional.** (a) All personal care assistance services, supervision by a qualified professional, and additional services beyond the limits established in subdivision 11, must be authorized by the commissioner or the commissioner's designee before services begin except for the assessments established in subdivision 11 and section 256B.0911. The authorization for personal care assistance and qualified professional services under section 256B.0659 must be completed within 30 days after receiving a complete request.

(b) The amount of personal care assistance services authorized must be based on the recipient's home care rating. The home care rating shall be determined by the commissioner or the commissioner's designee based on information submitted to the commissioner identifying the following for recipients with dependencies in two or more activities of daily living:

(1) total number of dependencies of activities of daily living as defined in section 256B.0659;

(2) presence of complex health-related needs as defined in section 256B.0659; and

(3) presence of Level I behavior as defined in section 256B.0659.

(c) For persons meeting the criteria in paragraph (b), the methodology to determine total time for personal care assistance services for each home care rating is based on the median paid units per day for each home care rating from fiscal year 2007 data for the personal care assistance program. Each home care rating has a base level of hours assigned. Additional time is added through the assessment and identification of the following:

(1) 30 additional minutes per day for a dependency in each critical activity of daily living as defined in section 256B.0659;

(2) 30 additional minutes per day for each complex health-related function as defined in section 256B.0659; and

(3) 30 additional minutes per day for each behavior issue as defined in section 256B.0659, subdivision 4, paragraph (d).

(d) Effective July 1, 2011, the home care rating for recipients who have a dependency in one activity of daily living or level one behavior shall equal no more than two units per day.

(e) A limit of 96 units of qualified professional supervision may be authorized for each recipient receiving personal care assistance services. A request to the commissioner to exceed this total in a calendar year must be requested by the personal care provider agency on a form approved by the commissioner.

Sec. 8. Minnesota Statutes 2010, section 256B.0913, subdivision 4, is amended to read:

Subd. 4. **Eligibility for funding for services for nonmedical assistance recipients.** (a) Funding for services under the alternative care program is available to persons who meet the following criteria:

(1) the person has been determined by a community assessment under section 256B.0911 to be a person who would require the level of care provided in a nursing facility, as determined under section 256B.0911, subdivision 4a, paragraph (d), but for the provision of services under the alternative care program~~. Effective January 1, 2011, this determination must be made according to the criteria established in section 144.0724, subdivision 11~~;

(2) the person is age 65 or older;

(3) the person would be eligible for medical assistance within 135 days of admission to a nursing facility;

(4) the person is not ineligible for the payment of long-term care services by the medical assistance program due to an asset transfer penalty under section 256B.0595 or equity interest in the home exceeding $500,000 as stated in section 256B.056;

(5) the person needs long-term care services that are not funded through other state or federal funding, or other health insurance or other third-party insurance such as long-term care insurance;

(6) except for individuals described in clause (7), the monthly cost of the alternative care services funded by the program for this person does not exceed 75 percent of the monthly limit described under section 256B.0915, subdivision 3a. This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased under this section exceed the difference between the client's monthly service limit defined

under section 256B.0915, subdivision 3, and the alternative care program monthly service limit defined in this paragraph. If care-related supplies and equipment or environmental modifications and adaptations are or will be purchased for an alternative care services recipient, the costs may be prorated on a monthly basis for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's other alternative care services exceeds the monthly limit established in this paragraph, the annual cost of the alternative care services shall be determined. In this event, the annual cost of alternative care services shall not exceed 12 times the monthly limit described in this paragraph;

(7) for individuals assigned a case mix classification A as described under section 256B.0915, subdivision 3a, paragraph (a), with (i) no dependencies in activities of daily living, or (ii) ~~only one dependency~~ up to two dependencies in bathing, dressing, grooming, ~~or~~ walking, ~~or (iii) a dependency score of less than three if eating is the only dependency~~ and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911, the monthly cost of alternative care services funded by the program cannot exceed ~~$600~~ $593 per month for all new participants enrolled in the program on or after July 1, ~~2009~~ 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in section 256B.0915, subdivision 3a, paragraph (a). This monthly limit does not prohibit the alternative care client from payment for additional services, but in no case may the cost of additional services purchased exceed the difference between the client's monthly service limit defined in this clause and the limit described in clause (6) for case mix classification A; and

(8) the person is making timely payments of the assessed monthly fee.

A person is ineligible if payment of the fee is over 60 days past due, unless the person agrees to:

(i) the appointment of a representative payee;

(ii) automatic payment from a financial account;

(iii) the establishment of greater family involvement in the financial management of payments; or

(iv) another method acceptable to the lead agency to ensure prompt fee payments.

The lead agency may extend the client's eligibility as necessary while making arrangements to facilitate payment of past-due amounts and future premium payments. Following disenrollment due to nonpayment of a monthly fee, eligibility shall not be reinstated for a period of 30 days.

(b) Alternative care funding under this subdivision is not available for a person who is a medical assistance recipient or who would be eligible for medical assistance without a spenddown or waiver obligation. A person whose initial application for medical assistance and the elderly waiver program is being processed may be served under the alternative care program for a period up to 60 days. If the individual is found to be eligible for medical assistance, medical assistance must be billed for services payable under the federally approved elderly waiver plan and delivered from the date the individual was found eligible for the federally approved elderly waiver plan. Notwithstanding this provision, alternative care funds may not be used to pay for any service the cost of which: (i) is payable by medical assistance; (ii) is used by a recipient to meet a waiver obligation; or (iii) is used to pay a medical assistance income spenddown for a person who is eligible to participate in the

federally approved elderly waiver program under the special income standard provision.

(c) Alternative care funding is not available for a person who resides in a licensed nursing home, certified boarding care home, hospital, or intermediate care facility, except for case management services which are provided in support of the discharge planning process for a nursing home resident or certified boarding care home resident to assist with a relocation process to a community-based setting.

(d) Alternative care funding is not available for a person whose income is greater than the maintenance needs allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent of the federal poverty guideline effective July 1 in the fiscal year for which alternative care eligibility is determined, who would be eligible for the elderly waiver with a waiver obligation.

Sec. 9. Minnesota Statutes 2010, section 256B.0915, subdivision 3a, is amended to read:

Subd. 3a. **Elderly waiver cost limits.** (a) The monthly limit for the cost of waivered services to an individual elderly waiver client except for individuals described in paragraph (b) shall be the weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the recipient's maintenance needs allowance as described in subdivision 1d, paragraph (a), until the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on the first day of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and the first day of each subsequent state fiscal year, the monthly limit for the cost of waivered services to an individual elderly waiver client shall be the rate of the case mix resident class to which the waiver client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, in effect on the last day of the previous state fiscal year, adjusted by ~~the greater of~~ any legislatively adopted home and community-based services percentage rate ~~increase or the average statewide percentage increase in nursing facility payment rates~~ adjustment.

(b) The monthly limit for the cost of waivered services to an individual elderly waiver client assigned to a case mix classification A under paragraph (a) with:

(1) no dependencies in activities of daily living~~,~~; or

(2) ~~only one dependency~~ up to two dependencies in bathing, dressing, grooming, ~~or~~ walking, ~~or (3) a dependency score of less than three if eating is the only dependency,~~ and eating when the dependency score in eating is three or greater as determined by an assessment performed under section 256B.0911 shall be~~ the lower of the case mix classification amount for case mix A as determined under paragraph (a) or the case mix classification amount for case mix A~~ $1,750 per month effective on ~~October~~ July 1, ~~2008~~ 2011, ~~per month~~ for all new participants enrolled in the program on or after July 1, ~~2009~~ 2011. This monthly limit shall be applied to all other participants who meet this criteria at reassessment. This monthly limit shall be increased annually as described in paragraph (a).

(c) If extended medical supplies and equipment or environmental modifications are or will be purchased for an elderly waiver client, the costs may be prorated for up to 12 consecutive months beginning with the month of purchase. If the monthly cost of a recipient's waivered services exceeds

the monthly limit established in paragraph (a) or (b), the annual cost of all waivered services shall be determined. In this event, the annual cost of all waivered services shall not exceed 12 times the monthly limit of waivered services as described in paragraph (a) or (b).

Sec. 10. Minnesota Statutes 2010, section 256B.0915, subdivision 3b, is amended to read:

Subd. 3b. **Cost limits for elderly waiver applicants who reside in a nursing facility.** (a) For a person who is a nursing facility resident at the time of requesting a determination of eligibility for elderly waivered services, a monthly conversion budget limit for the cost of elderly waivered services may be requested. The monthly conversion budget limit for the cost of elderly waiver services shall be the resident class assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, for that resident in the nursing facility where the resident currently resides until July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented, the monthly conversion budget limit for the cost of elderly waiver services shall be based on the per diem nursing facility rate as determined by the resident assessment system as described in section 256B.438 for ~~that resident~~ residents in the nursing facility where the ~~resident~~ elderly waiver applicant currently resides ~~multiplied~~. The monthly conversion budget limit shall be calculated by multiplying the per diem by 365 ~~and~~, divided by 12, ~~less~~ and reduced by the recipient's maintenance needs allowance as described in subdivision 1d. The initially approved monthly conversion ~~rate may~~ budget limit shall be adjusted ~~by the greater of any subsequent legislatively adopted home and community based services percentage rate increase or the average statewide percentage increase in nursing facility payment rates~~ annually as described in subdivision 3a, paragraph (a). The limit under this subdivision only applies to persons discharged from a nursing facility after a minimum 30-day stay and found eligible for waivered services on or after July 1, 1997. For conversions from the nursing home to the elderly waiver with consumer directed community support services, the ~~conversion rate limit is equal to the~~ nursing facility ~~rate~~ per diem used to calculate the monthly conversion budget limit must be reduced by a percentage equal to the percentage difference between the consumer directed services budget limit that would be assigned according to the federally approved waiver plan and the corresponding community case mix cap, but not to exceed 50 percent.

(b) The following costs must be included in determining the total monthly costs for the waiver client:

(1) cost of all waivered services, including ~~extended medical~~ specialized supplies and equipment and environmental ~~modifications and~~ accessibility adaptations; and

(2) cost of skilled nursing, home health aide, and personal care services reimbursable by medical assistance.

Sec. 11. Minnesota Statutes 2010, section 256B.0915, subdivision 3e, is amended to read:

Subd. 3e. **Customized living service rate.** (a) Payment for customized living services shall be a monthly rate authorized by the lead agency within the parameters established by the commissioner. The payment agreement must delineate the amount of each component service included in the recipient's customized living service plan. The lead agency shall ensure that there is a documented need within the parameters established by the commissioner for all component customized living services authorized.

(b) The payment rate must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes shall use tools issued by the commissioner to develop and document customized living service plans and rates.

(c) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale. Customized living services must not include rent or raw food costs.

(d) With the exception of individuals described in subdivision 3a, paragraph (b), the individualized monthly authorized payment for the customized living service plan shall not exceed 50 percent of the greater of either the statewide or any of the geographic groups' weighted average monthly nursing facility rate of the case mix resident class to which the elderly waiver eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, less the maintenance needs allowance as described in subdivision 1d, paragraph (a), until the July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented. Effective on July 1 of the state fiscal year in which the resident assessment system as described in section 256B.438 for nursing home rate determination is implemented and July 1 of each subsequent state fiscal year, the individualized monthly authorized payment for the services described in this clause shall not exceed the limit which was in effect on June 30 of the previous state fiscal year updated annually based on legislatively adopted changes to all service rate maximums for home and community-based service providers.

(e) Effective July 1, 2011, the individualized monthly payment for the customized living service plan for individuals described in subdivision 3a, paragraph (b), must be the monthly authorized payment limit for customized living for individuals classified as case mix A, reduced by 25 percent. This rate limit must be applied to all new participants enrolled in the program on or after July 1, 2011, who meet the criteria described in subdivision 3a, paragraph (b). This monthly limit also applies to all other participants who meet the criteria described in subdivision 3a, paragraph (b), at reassessment.

(f) Customized living services are delivered by a provider licensed by the Department of Health as a class A or class F home care provider and provided in a building that is registered as a housing with services establishment under chapter 144D. Licensed home care providers are subject to section 256B.0651, subdivision 14.

(g) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (d), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

Sec. 12. Minnesota Statutes 2010, section 256B.0915, subdivision 3h, is amended to read:

Subd. 3h. **Service rate limits; 24-hour customized living services.** (a) The payment rate for 24-hour customized living services is a monthly rate authorized by the lead agency within the parameters established by the commissioner of human services. The payment agreement must delineate the amount of each component service included in each recipient's customized living service plan. The lead agency shall ensure that there is a documented need within the parameters established by the commissioner for all component customized living services authorized. The lead agency shall not authorize 24-hour customized living services unless there is a documented need for 24-hour supervision.

(b) For purposes of this section, "24-hour supervision" means that the recipient requires assistance due to needs related to one or more of the following:

(1) intermittent assistance with toileting, positioning, or transferring;

(2) cognitive or behavioral issues;

(3) a medical condition that requires clinical monitoring; or

(4) for all new participants enrolled in the program on or after ~~January~~ July 1, 2011, and all other participants at their first reassessment after ~~January~~ July 1, 2011, dependency in at least ~~two~~ three of the following activities of daily living as determined by assessment under section 256B.0911: bathing; dressing; grooming; walking; or eating when the dependency score in eating is three or greater; and needs medication management and at least 50 hours of service per month. The lead agency shall ensure that the frequency and mode of supervision of the recipient and the qualifications of staff providing supervision are described and meet the needs of the recipient.

(c) The payment rate for 24-hour customized living services must be based on the amount of component services to be provided utilizing component rates established by the commissioner. Counties and tribes will use tools issued by the commissioner to develop and document customized living plans and authorize rates.

(d) Component service rates must not exceed payment rates for comparable elderly waiver or medical assistance services and must reflect economies of scale.

(e) The individually authorized 24-hour customized living payments, in combination with the payment for other elderly waiver services, including case management, must not exceed the recipient's community budget cap specified in subdivision 3a. Customized living services must not include rent or raw food costs.

(f) The individually authorized 24-hour customized living payment rates shall not exceed the 95 percentile of statewide monthly authorizations for 24-hour customized living services in effect and in the Medicaid management information systems on March 31, 2009, for each case mix resident class under Minnesota Rules, parts 9549.0050 to 9549.0059, to which elderly waiver service clients are assigned. When there are fewer than 50 authorizations in effect in the case mix resident class, the commissioner shall multiply the calculated service payment rate maximum for the A classification by the standard weight for that classification under Minnesota Rules, parts 9549.0050 to 9549.0059, to determine the applicable payment rate maximum. Service payment rate maximums shall be updated annually based on legislatively adopted changes to all service rates for home and community-based service providers.

(g) Notwithstanding the requirements of paragraphs (d) and (f), the commissioner may establish alternative payment rate systems for 24-hour customized living services in housing with services establishments which are freestanding buildings with a capacity of 16 or fewer, by applying a single hourly rate for covered component services provided in either:

(1) licensed corporate adult foster homes; or

(2) specialized dementia care units which meet the requirements of section 144D.065 and in which:

(i) each resident is offered the option of having their own apartment; or

(ii) the units are licensed as board and lodge establishments with maximum capacity of eight residents, and which meet the requirements of Minnesota Rules, part 9555.6205, subparts 1, 2, 3, and 4, item A.

(h) A provider may not bill or otherwise charge an elderly waiver participant or their family for additional units of any allowable component service beyond those available under the service rate limits described in paragraph (e), nor for additional units of any allowable component service beyond those approved in the service plan by the lead agency.

Sec. 13. Minnesota Statutes 2010, section 256B.0915, subdivision 6, is amended to read:

Subd. 6. **Implementation of care plan.** Each elderly waiver client, and the client's provider of services, shall be provided a copy of a written care plan that meets the requirements outlined in section 256B.0913, subdivision 8. The care plan must be implemented by the county of service when it is different than the county of financial responsibility. The county of service administering waivered services must notify the county of financial responsibility of the approved care plan.

Sec. 14. Minnesota Statutes 2010, section 256B.0915, subdivision 10, is amended to read:

Subd. 10. **Waiver payment rates; managed care organizations.** The commissioner shall adjust the elderly waiver capitation payment rates for managed care organizations paid under section 256B.69, subdivisions 6a and 23, to reflect the maximum service rate limits for customized living services and 24-hour customized living services under subdivisions 3e and 3h ~~for the contract period beginning October 1, 2009~~. Medical assistance rates paid to customized living providers by managed care organizations under this section shall not exceed the maximum service rate limits and component rates as determined by the commissioner under subdivisions 3e and 3h.

Sec. 15. Minnesota Statutes 2010, section 256B.14, is amended by adding a subdivision to read:

Subd. 3a. **Spousal contribution.** (a) For purposes of this subdivision, the following terms have the meanings given:

(1) "commissioner" means the commissioner of human services;

(2) "community spouse" means the spouse, who lives in the community, of an individual receiving long-term care services in a long-term care facility or receiving home care services pursuant to the Medicaid waiver for elderly services under section 256B.0915 or the alternative care program under section 256B.0913. A community spouse does not include a spouse living in the community who receives a monthly income allowance under section 256B.058, subdivision 2, or who receives home care services under the Medicaid waiver for elderly services under section 256B.0915 or the alternative care program under section 256B.0913;

(3) "cost of care" means the actual fee for service costs or capitated payments for the long term care spouse;

(4) "department" means the Department of Human Services;

(5) "disabled child" means a blind or permanently and totally disabled son or daughter of any age as defined in the Supplemental Security Income program or the State Medical Review Team;

(6) "income" means earned and unearned income, attributable to the community spouse, used to calculate the adjusted gross income on the prior year's income tax return. Evidence of income includes, but is not limited to, W-2 and 1099 forms; and

(7) "long-term care spouse" means the spouse who is receiving long-term care services in a long-term care facility or receiving home care services pursuant to the Medicaid waiver for elderly services under section 256B.0915 or the alternative care program under section 256B.0913.

(b) The community spouse of a long-term care spouse who receives medical assistance or alternative care services has an obligation to contribute to the cost of care. The community spouse must pay a monthly fee on a sliding fee scale based on the community spouse's income, unless a minor or disabled child resides with and receives care from the community spouse, in case, no fee shall be assessed.

(c) For a community spouse with an income equal to or greater than 250 percent of the federal poverty guidelines for a family of two and less than 545 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 7.5 percent of the community spouse's income and increases to 15 percent for those with an income of up to 545 percent of the federal poverty guidelines for a family of two.

(d) For a community spouse with an income equal to or greater than 545 percent of the federal poverty guidelines for a family of two and less than 750 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 15 percent of the community spouse's income and increases to 25 percent for those with an income of up to 750 percent of the federal poverty guidelines for a family of two.

(e) For a community spouse with an income equal to or greater than 750 percent of the federal poverty guidelines for a family of two and less than 975 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be determined using a sliding fee scale established by the commissioner that begins at 25 percent of the community spouse's income and increases to 33 percent for those with an income of up to 975 percent of the federal poverty guidelines for a family of two.

(f) For a community spouse with an income equal to or greater than 975 percent of the federal poverty guidelines for a family of two, the spousal contribution shall be 33 percent of the community spouse's income.

(g) The spousal contribution shall be explained in writing at the time eligibility for medical assistance or alternative care is being determined. In addition to explaining the formula used to determine the fee, the commissioner shall provide written information describing how to request a variance for undue hardship, how a contribution may be reviewed or redetermined, the right to appeal a contribution determination, and that the consequences for not complying with a request to provide information shall be an assessment against the community spouse for the full cost of care for the long-term care spouse.

(h) The contribution shall be assessed for each month the long-term care spouse is eligible for medical assistance or alternative care.

(i) The spousal contribution shall be reviewed at least once every 12 months and when there is a loss or gain in income in excess of ten percent. Thirty days prior to a review or redetermination, written notice must be provided to the community spouse and must contain the amount the spouse is required to contribute, notice of the right to redetermination and appeal, and the telephone number of the division at the department that is responsible for redetermination and review. If, after review, the contribution amount is to be adjusted, the commissioner shall mail a written notice to the community spouse 30 days in advance of the effective date of the change in the amount of the contribution:

(1) the spouse shall notify the commissioner within 30 days of a gain or loss in income in excess of ten percent and provide the department supporting documentation to verify the need for redetermination of the fee;

(2) when a spouse requests a review or redetermination of the contribution amount, a request for information shall be sent to the spouse within ten calendar days after the commissioner receives the request for review;

(3) no action shall be taken on a review or redetermination until the required information is received by the commissioner;

(4) the review of the spousal contribution shall be done within ten days after the commissioner receives completed information that verifies a loss or gain in income in excess of ten percent;

(5) an increase in the contribution amount is effective in the month in the increase in spousal income occurs; and

(6) a decrease in the contribution amount is effective in the month the spouse verifies the reduction in income, retroactive to no longer than six months.

(j) In no case shall the spousal contribution exceed the amount of medical assistance expended or the cost of alternative care services for the care of the long-term care spouse. At the time of the review, the total amount of medical assistance paid or costs of alternative care for the care of the long-term care spouse and the total amount of the spousal contribution shall be compared. If the total amount of the spousal contribution exceeds the total amount of medical assistance expended or cost of alternative care, the department shall reimburse the community spouse the excess amount if the long-term care spouse is no longer receiving services, or apply the excess amount to the spousal contribution due until the excess amount is exhausted.

(k) A spouse who needs to retain the contribution amount for the spouse's personal medical care may request a variance for undue hardship by submitting a written request and supporting documentation to the commissioner that states why compliance with this subdivision would cause undue hardship. The commissioner shall forward to the spouse a request for financial information within ten days after receiving a written request for a variance. A spouse must provide the commissioner with the requested financial information and any other information sufficient to verify the existence of undue hardship necessitating a waiver:

(1) a spouse who requests a variance from a notice of an increase in the amount of spousal contribution shall continue to make monthly payments at the lower amount pending determination of the variance request. A spouse who requests a variance from the initial determination shall not be required to make a payment pending determination of the variance request. Payments made pending outcome of the variance request that result in overpayment shall be returned to the spouse if the

community spouse is no longer receiving services or applied to the spousal contribution in the current year. If the variance is denied, the spouse shall pay the additional amount due from the effective date of the increase or the total amount due from the effective date of the original notice of determination of the spousal contribution;

(2) a spouse who is granted a variance shall sign a written agreement in which the spouse agrees to report to the commissioner any changes in circumstances that gave rise to the undue hardship variance;

(3) when the commissioner receives a request for a variance, written notice of a grant or denial of the variance shall be mailed to the spouse within 30 calendar days after the commissioner receives the financial information required in this paragraph. The granting of a variance will necessitate a written agreement between the spouse and the commissioner with regard to the specific terms of the variance. The variance will not become effective until the written agreement is signed by the spouse. If the commissioner denies in whole or in part the request for a variance, the denial notice shall set forth in writing the reasons for the denial that address the specific hardship and right to appeal;

(4) if a variance is granted, the term of the variance shall not exceed 12 months unless otherwise determined by the commissioner; and

(5) undue hardship does not include action taken by a spouse that divested or diverted income in order to avoid being assessed a spousal contribution.

(l) A spouse aggrieved by an action under this subdivision has the right to appeal under subdivision 4. If the spouse appeals on or before the effective date of an increase in the spousal fee, the spouse shall continue to make payments to the commissioner in the lower amount while the appeal is pending. A spouse appealing an initial determination of a spousal contribution shall not be required to make monthly payments pending an appeal decision. Payments made that result in an overpayment shall be reimbursed to the spouse if the long-term care spouse is no longer receiving services, or applied to the spousal contribution remaining in the current year. If the commissioner's determination is affirmed, the community spouse shall pay within 90 calendar days of the order the total amount due from the effective date of the original notice of determination of the spousal contribution. The commissioner's order is binding on the spouse and the department and shall be implemented subject to section 256.045, subdivision 7. No additional notice is required to enforce the commissioner's order.

(m) Actions to obtain payment shall be taken under subdivision 2.

Sec. 16. Minnesota Statutes 2010, section 256B.431, subdivision 2r, is amended to read:

Subd. 2r. **Payment restrictions on leave days.** Effective July 1, 1993, the commissioner shall limit payment for leave days in a nursing facility to 79 percent of that nursing facility's total payment rate for the involved resident. For services rendered on or after July 1, 2003, for facilities reimbursed under this section or section 256B.434, the commissioner shall limit payment for leave days in a nursing facility to 60 percent of that nursing facility's total payment rate for the involved resident. For services rendered on or after July 1, 2011, for facilities reimbursed under this section, section 256B.434, section 256B.441, or any other section, the commissioner shall not pay for leave days, notwithstanding Minnesota Rules, part 9505.0415.

Sec. 17. Minnesota Statutes 2010, section 256B.431, subdivision 32, is amended to read:

Subd. 32. **Payment during first ~~90~~ 30 days.** (a) ~~For rate years beginning on or after July 1, 2001, the total payment rate for a facility reimbursed under this section, section 256B.434, or any other section for the first 90 paid days after admission shall be:~~

~~(1) for the first 30 paid days, the rate shall be 120 percent of the facility's medical assistance rate for each case mix class;~~

~~(2) for the next 60 paid days after the first 30 paid days, the rate shall be 110 percent of the facility's medical assistance rate for each case mix class;~~

~~(3) beginning with the 91st paid day after admission, the payment rate shall be the rate otherwise determined under this section, section 256B.434, or any other section; and~~

~~(4) payments under this paragraph apply to admissions occurring on or after July 1, 2001, and before July 1, 2003, and to resident days occurring before July 30, 2003.~~

~~(b)~~ For rate years beginning on or after July 1, ~~2003~~ 2011, the total payment rate for a facility reimbursed under this section, section 256B.434, or any other section shall be:

(1) for the first 30 calendar days after admission, the rate shall be 120 percent of the facility's medical assistance rate for each RUG class;

(2) beginning with the 31st calendar day after admission, the payment rate shall be the rate otherwise determined under this section, section 256B.434, or any other section; and

(3) payments under this paragraph apply to admissions occurring on or after July 1, ~~2003~~ 2011.

~~(c) Effective January 1, 2004,~~ (b) The enhanced rates under this subdivision shall not be allowed if a resident has resided during the previous 30 calendar days in:

(1) the same nursing facility;

(2) a nursing facility owned or operated by a related party; or

(3) a nursing facility or part of a facility that closed or was in the process of closing.

Sec. 18. Minnesota Statutes 2010, section 256B.431, subdivision 42, is amended to read:

Subd. 42. **Incentive to establish single-bed rooms.** (a) Beginning July 1, 2005, the operating payment rate for nursing facilities reimbursed under this section, section 256B.434, or 256B.441 shall be increased by 20 percent multiplied by the ratio of the number of new single-bed rooms created divided by the number of active beds on July 1, 2005, for each bed closure that results in the creation of a single-bed room after July 1, 2005. The commissioner may implement rate adjustments for up to 3,000 new single-bed rooms each year. For eligible bed closures for which the commissioner receives a notice from a facility during a calendar quarter that a bed has been delicensed and a new single-bed room has been established, the rate adjustment in this paragraph shall be effective on the first day of the second month following that calendar quarter.

(b) A nursing facility is prohibited from discharging residents for purposes of establishing single-bed rooms. A nursing facility must submit documentation to the commissioner in a form prescribed by the commissioner, certifying the occupancy status of beds closed to create single-bed rooms. In the event that the commissioner determines that a facility has discharged a resident for

purposes of establishing a single-bed room, the commissioner shall not provide a rate adjustment under paragraph (a).

(c) If after August 1, 2005, and before December 31, 2007, more than 4,000 nursing home beds are removed from service, a portion of the appropriation for nursing homes shall be transferred to the alternative care program. The amount of this transfer shall equal the number of beds removed from service less 4,000, multiplied by the average monthly per-person cost for alternative care, multiplied by 12, and further multiplied by 0.3.

(d) Beginning on July 1, 2011, the commissioner shall no longer approve single bed incentive rate adjustments under this section.

Sec. 19. Minnesota Statutes 2010, section 256B.431, is amended by adding a subdivision to read:

Subd. 44. **Property rate increase for a facility in Bloomington effective November 1, 2010.** Notwithstanding any other law to the contrary, money available for moratorium projects under section 144A.073, subdivision 11, shall be used effective November 1, 2010, to fund an approved moratorium exception project for a nursing facility in Bloomington licensed for 137 beds as of November 1, 2010, up to a total property rate adjustment of $19.33.

Sec. 20. Minnesota Statutes 2010, section 256B.437, subdivision 6, is amended to read:

Subd. 6. **Planned closure rate adjustment.** (a) The commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), for up to 5,140 beds according to clauses (1) to (4):

(1) the amount available is the net reduction of nursing facility beds multiplied by $2,080;

(2) the total number of beds in the nursing facility or facilities receiving the planned closure rate adjustment must be identified;

(3) capacity days are determined by multiplying the number determined under clause (2) by 365; and

(4) the planned closure rate adjustment is the amount available in clause (1), divided by capacity days determined under clause (3).

(b) A planned closure rate adjustment under this section is effective on the first day of the month following completion of closure of the facility designated for closure in the application and becomes part of the nursing facility's total operating payment rate.

(c) Applicants may use the planned closure rate adjustment to allow for a property payment for a new nursing facility or an addition to an existing nursing facility or as an operating payment rate adjustment. Applications approved under this subdivision are exempt from other requirements for moratorium exceptions under section 144A.073, subdivisions 2 and 3.

(d) Upon the request of a closing facility, the commissioner must allow the facility a closure rate adjustment as provided under section 144A.161, subdivision 10.

(e) A facility that has received a planned closure rate adjustment may reassign it to another facility that is under the same ownership at any time within three years of its effective date. The amount of the adjustment shall be computed according to paragraph (a).

(f) If the per bed dollar amount specified in paragraph (a), clause (1), is increased, the commissioner shall recalculate planned closure rate adjustments for facilities that delicense beds under this section on or after July 1, 2001, to reflect the increase in the per bed dollar amount. The recalculated planned closure rate adjustment shall be effective from the date the per bed dollar amount is increased.

(g) For planned closures approved after June 30, 2009, the commissioner of human services shall calculate the amount of the planned closure rate adjustment available under subdivision 3, paragraph (b), according to paragraph (a), clauses (1) to (4).

(h) Beginning on July 1, 2011, the commissioner shall no longer approve planned closure rate adjustments under this section.

Sec. 21. Minnesota Statutes 2010, section 256B.441, subdivision 50a, is amended to read:

Subd. 50a. **Determination of proximity adjustments.** (a) For a nursing facility located in close proximity to another nursing facility of the same facility group type but in a different peer group and that has higher limits for care-related or other operating costs, the commissioner shall adjust the limits in accordance with clauses (1) to (4):

(1) determine the difference between the limits;

(2) determine the distance between the two facilities, by the shortest driving route. If the distance exceeds 20 miles, no adjustment shall be made;

(3) subtract the value in clause (2) from 20 miles, divide by 20, and convert to a percentage; and

(4) increase the limits for the nursing facility with the lower limits by the value determined in clause (1) multiplied by the value determined in clause (3).

(b) Effective October 1, 2011, nursing facilities located no more than one-quarter mile from a peer group with higher limits under either subdivision 50 or 51, may receive an operating rate adjustment. The operating payment rates of a lower-limit peer group facility must be adjusted to be equal to those of the nearest facility in a higher-limit peer group if that facility's RUG rate with a weight of 1.00 is higher than the lower-limit peer group facility. Peer groups are those defined in subdivision 30. The nearest facility must be determined by the most direct driving route.

Sec. 22. Minnesota Statutes 2010, section 256B.441, subdivision 59, is amended to read:

Subd. 59. **Single-bed payments for medical assistance recipients.** Effective October 1, 2009, the amount paid for a private room under Minnesota Rules, part 9549.0070, subpart 3, is reduced from 115 percent to 111.5 percent. Effective July 1, 2011, the amount paid for a private room under Minnesota Rules, part 9549.0070, subpart 3, is reduced from 111.5 percent to 100.0 percent.

Sec. 23. Minnesota Statutes 2010, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. **Prohibited practices.** (a) A nursing facility is not eligible to receive medical assistance payments unless it ~~refrains from all of the following:~~ complies with the prohibitions and requirements in this subdivision.

~~(a) Charging~~ (b) A nursing facility must not charge private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients

as determined by the prospective desk audit rate, except under the following circumstances:

(1) the nursing facility may ~~(1)~~ (i) charge private paying residents a higher rate for a private room, and ~~(2)~~ (ii) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner;

(2) effective October 1, 2011, nursing facilities may charge private paying residents up to two percent higher than the sum of the medical assistance allowable payment rate in effect on September 30, 2011, plus an adjustment equal to the incremental increase of any other rate increase provided in law, for the RUGS group currently assigned to the resident;

(3) effective October 1, 2012, nursing facilities may charge private paying residents rates up to four percent higher than the sum of the medical assistance allowable payment rate in effect on September 30, 2012, plus an adjustment equal to the incremental increase of any other rate increase provided in law, for the RUGS group currently assigned to the resident;

(4) effective October 1, 2013, nursing facilities may charge private paying residents rates up to six percent higher than the sum of the medical assistance allowable payment rate in effect on September 30, 2013, plus an adjustment equal to the incremental increase of any other rate increase provided in law, for the RUGS group currently assigned to the resident; and

(5) effective October 1, 2014, nursing facilities may charge private paying residents rates up to eight percent higher than the sum of the medical assistance allowable payment rate in effect on September 30, 2014, plus an adjustment equal to the incremental increase of any other rate increase provided in law, for the RUGS group currently assigned to the resident. Nothing in this section precludes a nursing facility from charging a rate allowable under the nursing facility's single room election option under Minnesota Rules, part 9549.0060, subpart 11, or the enhanced rates under section 256B.431, subdivision 32.

Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this ~~clause~~ paragraph is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this ~~clause~~ paragraph. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable ~~attorneys'~~ attorney fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15

calendar days following the close of the hearing. The prohibition set forth in this ~~clause~~ paragraph shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

~~(b)~~ (c) Effective October 1, 2015, paragraph (b) no longer applies, except that special services, if offered, must be available to all residents of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services that must be provided by the nursing facility in order to comply with licensure or certification standards and that, if not provided, would result in a deficiency or violation by the nursing facility.

(d) A nursing facility shall refrain from all of the following:

(1) charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or from anyone acting in behalf of the applicant, as a condition of admission, expediting the admission, or as a requirement for the individual's continued stay, any fee, deposit, gift, money, donation, or other consideration not otherwise required as payment under the state plan. For residents on medical assistance, payment of the medical assistance rate according to the state plan must be accepted as payment in full for services included in the daily rate for continued stay, except where otherwise provided for in statute;

(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility;

(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the individual's estate to the facility; or

(4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.

Nothing in this paragraph would prohibit discharge for nonpayment of services in accordance with state and federal regulations.

~~(c) Requiring~~ (e) A nursing facility must not require any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility. A nursing facility may require a resident to use pharmacies that utilize unit dose packing systems approved by the Minnesota Board of Pharmacy, and may require a resident to use pharmacies that are able to meet the federal regulations for safe and timely administration of medications such as systems with specific number of doses, prompt delivery of medications, or access to medications on a 24-hour basis. Notwithstanding the provisions of this paragraph, nursing facilities shall not restrict a resident's choice of pharmacy because the pharmacy utilizes a specific system of unit dose drug packing.

~~(d) Providing~~ (f) A nursing facility must not provide differential treatment on the basis of status with regard to public assistance.

~~(e) Discriminating~~ (g) A nursing facility must not discriminate in admissions, services offered, or room assignment on the basis of status with regard to public assistance ~~or refusal to purchase special services~~. Discrimination in admissions ~~discrimination~~ shall include, but is not limited to~~:~~

~~(1)~~, basing admissions decisions upon ~~assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek~~ information

or assurances regarding current or future eligibility for public assistance for payment of nursing facility care ~~costs; and~~.

~~(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.~~

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

~~(f) Requiring~~ (h) A nursing facility must not require any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

~~(g) Refusing~~ (i) A nursing facility must not refuse, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

(j) For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this ~~section~~ subdivision if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 24. **MEDICAL NONEMERGENCY TRANSPORTATION SINGLE ADMINISTRATIVE STRUCTURE PROPOSAL.**

(a) The commissioner of human services shall develop a proposal to create a single

administrative structure for providing medical nonemergency transportation services to fee-for-service medical assistance recipients. This proposal must consolidate access and special transportation into one administrative structure with the goal of standardizing eligibility determination processes, scheduling arrangements, billing procedures, data collection, and oversight mechanisms in order to enhance coordination, improve accountability, and lessen confusion.

(b) In developing the proposal, the commissioner shall:

(1) examine the current responsibilities performed by the counties and the Department of Human Services and consider the shift in costs if these responsibilities are changed;

(2) identify key performance measures to assess the cost effectiveness of medical nonemergency transportation statewide, including a process to collect, audit, and report data;

(3) develop a statewide complaint system for medical assistance recipients using special transportation;

(4) establish a standardized billing process;

(5) establish a process that provides public input from interested parties before special transportation eligibility policies are implemented or significantly changed;

(6) establish specific eligibility criteria that include the frequency of eligibility assessments and the length of time a recipient remains eligible for special transportation; and

(7) develop a reimbursement method to compensate volunteers for no-load miles when transporting recipients to or from health-related appointments.

(c) In developing the proposal, the commissioner shall consult with the Nonemergency Medical Transportation Advisory Council established under paragraph (d).

(d) The commissioner shall establish the Nonemergency Medical Transportation Advisory Council to assist the commissioner in developing a single administrative structure for providing nonemergency medical transportation services. The council shall include, but not be limited to, the following:

(1) one representative each from the Departments of Human Services and Transportation;

(2) one representative each from the following organizations: the Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, ARC of Minnesota, the Association of Minnesota Counties, the Metropolitan Inter-County Association, the R-80 Medical Transportation Coalition, the Minnesota Paratransit Association, legal aid, the Minnesota Ambulance Association, the National Alliance on Mental Illness, Medical Transportation Management, and other transportation providers; and

(3) four members from the house of representatives: two from the majority party and two from the minority party, appointed by the speaker of the house, and four members from the senate: two from the majority party and two from the minority party, appointed by the Subcommittee on Committees of the Committee on Rules and Administration. The council is governed by Minnesota Statutes, section 15.059, except that members shall not receive per diems. The commissioner of human services shall fund all costs related to the council from existing resources.

(e) The commissioner shall submit the proposal and draft legislation necessary for implementation to the chairs and ranking minority members of the senate and house of representatives committees or divisions with jurisdiction over health care policy and finance by January 15, 2012.

Sec. 25. **NURSING FACILITY PILOT PROJECT.**

Subdivision 1. **Report.** The commissioner of human services, in consultation with the commissioner of health, stakeholders, and experts, shall provide to the legislature recommendations by November 15, 2011, on how to develop a project to demonstrate a new approach to caring for certain individuals in nursing facilities.

Subd. 2. **Contents of report.** The recommendations shall address the:

(1) nature of the demonstration in terms of timing, size, qualifications to participate, participation selection criteria and postdemonstration options for the demonstration and for participating facilities;

(2) nature of needed new form of licensure;

(3) characteristics of the individuals the new model is intended to serve and comparison of these characteristics with those individuals served by existing models of care;

(4) quality standards for licensure addressing management, types and amounts of staffing, safety, infection control, care processes, quality improvement, and resident rights;

(5) characteristics of inspection process;

(6) funding for inspection process;

(7) enforcement authorities;

(8) role of Medicare;

(9) participation in the elderly waiver program, including rate setting;

(10) nature of any federal approval or waiver requirements and the method and timing of obtaining them;

(11) consumer rights; and

(12) methods and resources needed to evaluate the effectiveness of the model with regards to cost and quality.

ARTICLE 2

CHEMICAL AND MENTAL HEALTH

Section 1. Minnesota Statutes 2010, 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 ~~16.14~~ 29.76 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. ~~16.14~~ 29.76 percent of any state collections from private or third-party pay, less 15 percent for the cost of payment and collections, must be distributed to the county that paid for a portion of the treatment under this section.

EFFECTIVE DATE. This section is effective for claims processed beginning July 1, 2011.

Sec. 2. Minnesota Statutes 2010, section 254B.04, is amended by adding a subdivision to read:

Subd. 2a. **Eligibility for treatment in residential settings.** Notwithstanding provisions of Minnesota Rules, part 9530.6622, subparts 5 and 6, related to an assessor's discretion in making placements to residential treatment settings, a person eligible for services under this section must score at level 4 on assessment dimensions related to relapse, continued use, and recovery environment in order to be assigned to services with a room and board component reimbursed under this section.

Sec. 3. Minnesota Statutes 2010, section 254B.06, subdivision 2, is amended to read:

Subd. 2. **Allocation of collections.** The commissioner shall allocate all federal financial participation collections to a special revenue account. The commissioner shall allocate ~~83.86~~ 70.24 percent of patient payments and third-party payments to the special revenue account and ~~16.14~~ 29.76 percent to the county financially responsible for the patient.

EFFECTIVE DATE. This section is effective for claims processed beginning July 1, 2011.

ARTICLE 3

HUMAN SERVICES

Section 1. Minnesota Statutes 2010, section 119B.011, subdivision 13, is amended to read:

Subd. 13. **Family.** "Family" means parents, stepparents, guardians and their spouses, or other eligible relative caregivers and their spouses, and their blood related dependent children and adoptive siblings under the age of 18 years living in the same home including children temporarily absent from the household in settings such as schools, foster care, and residential treatment facilities or parents, stepparents, guardians and their spouses, or other relative caregivers and their spouses temporarily absent from the household in settings such as schools, military service, or rehabilitation programs. An adult family member who is not in an authorized activity under this chapter may be temporarily absent for up to 60 days. When a minor parent or parents and his, her, or their child or children are living with other relatives, and the minor parent or parents apply for a child care subsidy, "family" means only the minor parent or parents and their child or children. An adult age 18 or older who meets this definition of family and is a full-time high school or postsecondary student may be considered a dependent member of the family unit if 50 percent or more of the adult's support is provided by the parents, stepparents, guardians, and their spouses or eligible relative caregivers and their spouses residing in the same household.

EFFECTIVE DATE. This section is effective April 16, 2012.

Sec. 2. Minnesota Statutes 2010, section 119B.09, is amended by adding a subdivision to read:

Subd. 9a. **Child care centers; assistance.** (a) For the purposes of this subdivision, "qualifying

child" means a child who satisfies both of the following:

(1) is not a child or dependent of an employee of the child care provider; and

(2) does not reside with an employee of the child care provider.

(b) Funds distributed under this chapter must not be paid for child care services that are provided for a child by a child care provider who employs either the parent of the child or a person who resides with the child, unless at all times at least 50 percent of the children for whom the child care provider is providing care are qualifying children under paragraph (a).

(c) If a child care provider satisfies the requirements for payment under paragraph (b), but the percentage of qualifying children under paragraph (a) for whom the provider is providing care falls below 50 percent, the provider shall have four weeks to raise the percentage of qualifying children for whom the provider is providing care to at least 50 percent before payments to the provider are discontinued for child care services provided for a child who is not a qualifying child.

EFFECTIVE DATE. This section is effective January 1, 2013.

Sec. 3. Minnesota Statutes 2010, section 119B.09, subdivision 10, is amended to read:

Subd. 10. **Payment of funds.** All federal, state, and local child care funds must be paid directly to the parent when a provider cares for children in the children's own home. In all other cases, all federal, state, and local child care funds must be paid directly to the child care provider, either licensed or legal nonlicensed, on behalf of the eligible family. Funds distributed under this chapter must not be used for child care services that are provided for a child by a child care provider who resides in the same household or occupies the same residence as the child.

EFFECTIVE DATE. This section is effective March 5, 2012.

Sec. 4. Minnesota Statutes 2010, section 119B.09, is amended by adding a subdivision to read:

Subd. 13. **Child care in the child's home.** Child care assistance must only be authorized in the child's home if the child's parents have authorized activities outside of the home and if one or more of the following circumstances are met:

(1) the parents' qualifying activity occurs during times when out-of-home care is not available. If child care is needed during any period when out-of-home care is not available, in-home care can be approved for the entire time care is needed;

(2) the family lives in an area where out-of-home care is not available; or

(3) a child has a verified illness or disability that would place the child or other children in an out-of-home facility at risk or creates a hardship for the child and the family to take the child out of the home to a child care home or center.

EFFECTIVE DATE. This section is effective March 5, 2012.

Sec. 5. Minnesota Statutes 2010, section 119B.125, is amended by adding a subdivision to read:

Subd. 1b. **Training required.** (a) Effective November 1, 2011, prior to initial authorization as required in subdivision 1, a legal nonlicensed family child care provider must complete first aid and CPR training and provide the verification of first aid and CPR training to the county. The training

documentation must have valid effective dates as of the date the registration request is submitted to the county and the training must have been provided by an individual approved to provide first aid and CPR instruction.

(b) Legal nonlicensed family child care providers with an authorization effective before November 1, 2011, must be notified of the requirements before October 1, 2011, or at authorization, and must meet the requirements upon renewal of an authorization that occurs on or after January 1, 2012.

(c) Upon each reauthorization after the authorization period when the initial first aid and CPR training requirements are met, a legal nonlicensed family child care provider must provide verification of at least eight hours of additional training listed in the Minnesota Center for Professional Development Registry.

(d) This subdivision only applies to legal nonlicensed family child care providers.

Sec. 6. Minnesota Statutes 2010, section 119B.13, subdivision 1, is amended to read:

Subdivision 1. **Subsidy restrictions.** (a) Beginning July 1, ~~2006~~ 2011, the maximum rate paid for child care assistance in any county or multicounty region under the child care fund shall be the rate for like-care arrangements in the county effective ~~January~~ July 1, 2006, ~~increased~~ decreased by ~~six~~ five percent.

~~(b) Rate changes shall be implemented for services provided in September 2006 unless a participant eligibility redetermination or a new provider agreement is completed between July 1, 2006, and August 31, 2006.~~

~~As necessary, appropriate notice of adverse action must be made according to Minnesota Rules, part 3400.0185, subparts 3 and 4.~~

~~New cases approved on or after July 1, 2006, shall have the maximum rates under paragraph (a), implemented immediately.~~

~~(c)~~ (b) Every year, the commissioner shall survey rates charged by child care providers in Minnesota to determine the 75th percentile for like-care arrangements in counties. When the commissioner determines that, using the commissioner's established protocol, the number of providers responding to the survey is too small to determine the 75th percentile rate for like-care arrangements in a county or multicounty region, the commissioner may establish the 75th percentile maximum rate based on like-care arrangements in a county, region, or category that the commissioner deems to be similar.

~~(d)~~ (c) A rate which includes a special needs rate paid under subdivision 3 or under a school readiness service agreement paid under section 119B.231, may be in excess of the maximum rate allowed under this subdivision.

~~(e)~~ (d) The department shall monitor the effect of this paragraph on provider rates. The county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and disability care. The maximum payment to a provider for one day of care must not exceed the daily rate. The maximum payment to a provider for one week of care must not exceed the weekly rate.

(e) Child care providers receiving reimbursement under this chapter must not be paid activity fees or an additional amount above the maximum rates for care provided during nonstandard hours for families receiving assistance.

(f) When the provider charge is greater than the maximum provider rate allowed, the parent is responsible for payment of the difference in the rates in addition to any family co-payment fee.

(g) All maximum provider rates changes shall be implemented on the Monday following the effective date of the maximum provider rate.

EFFECTIVE DATE. Paragraph (d) is effective April 16, 2012. Paragraph (e) is effective September 3, 2012.

Sec. 7. Minnesota Statutes 2010, section 119B.13, subdivision 1a, is amended to read:

Subd. 1a. **Legal nonlicensed family child care provider rates.** (a) Legal nonlicensed family child care providers receiving reimbursement under this chapter must be paid on an hourly basis for care provided to families receiving assistance.

(b) The maximum rate paid to legal nonlicensed family child care providers must be 80 percent of the county maximum hourly rate for licensed family child care providers. In counties where the maximum hourly rate for licensed family child care providers is higher than the maximum weekly rate for those providers divided by 50, the maximum hourly rate that may be paid to legal nonlicensed family child care providers is the rate equal to the maximum weekly rate for licensed family child care providers divided by 50 and then multiplied by 0.80. The maximum payment to a provider for one day of care must not exceed the maximum hourly rate times ten. The maximum payment to a provider for one week of care must not exceed the maximum hourly rate times 50.

(c) A rate which includes a special needs rate paid under subdivision 3 may be in excess of the maximum rate allowed under this subdivision.

(d) Legal nonlicensed family child care providers receiving reimbursement under this chapter may not be paid registration fees for families receiving assistance.

EFFECTIVE DATE. This section is effective April 16, 2012.

Sec. 8. Minnesota Statutes 2010, section 119B.13, subdivision 7, is amended to read:

Subd. 7. **Absent days.** (a) Licensed child care providers ~~may~~ and license-exempt centers must not be reimbursed for more than ~~25~~ ten full-day absent days per child, excluding holidays, in a fiscal year~~, or for more than ten consecutive full-day absent days, unless the child has a documented medical condition that causes more frequent absences. Absences due to a documented medical condition of a parent or sibling who lives in the same residence as the child receiving child care assistance do not count against the 25-day absent day limit in a fiscal year. Documentation of medical conditions must be on the forms and submitted according to the timelines established by the commissioner. A public health nurse or school nurse may verify the illness in lieu of a medical practitioner. If a provider sends a child home early due to a medical reason, including, but not limited to, fever or contagious illness, the child care center director or lead teacher may verify the illness in lieu of a medical practitioner~~. Legal nonlicensed family child care providers must not be reimbursed for absent days. If a child attends for part of the time authorized to be in care in a day, but is absent for part of the time authorized to be in care in that same day, the absent time ~~will~~ must

be reimbursed but the time ~~will~~ must not count toward the ten ~~consecutive or 25 cumulative~~ absent day ~~limits~~ limit. ~~Children in families where at least one parent is under the age of 21, does not have a high school or general equivalency diploma, and is a student in a school district or another similar program that provides or arranges for child care, as well as parenting, social services, career and employment supports, and academic support to achieve high school graduation, may be exempt from the absent day limits upon request of the program and approval of the county. If a child attends part of an authorized day, payment to the provider must be for the full amount of care authorized for that day.~~ Child care providers ~~may~~ must only be reimbursed for absent days if the provider has a written policy for child absences and charges all other families in care for similar absences.

(b) Child care providers must be reimbursed for up to ten federal or state holidays or designated holidays per year when the provider charges all families for these days and the holiday or designated holiday falls on a day when the child is authorized to be in attendance. Parents may substitute other cultural or religious holidays for the ten recognized state and federal holidays. Holidays do not count toward the ten ~~consecutive or 25 cumulative~~ absent day ~~limits~~ limit.

(c) A family or child care provider ~~may~~ must not be assessed an overpayment for an absent day payment unless (1) there was an error in the amount of care authorized for the family, (2) all of the allowed full-day absent payments for the child have been paid, or (3) the family or provider did not timely report a change as required under law.

(d) The ~~provider and family must receive notification of the number of absent days used upon initial provider authorization for a family and when the family has used 15 cumulative absent days. Upon statewide implementation of the Minnesota Electronic Child Care System, the~~ provider and family shall receive notification of the number of absent days used upon initial provider authorization for a family and ongoing notification of the number of absent days used as of the date of the notification.

~~(e) A county may pay for more absent days than the statewide absent day policy established under this subdivision if current market practice in the county justifies payment for those additional days. County policies for payment of absent days in excess of the statewide absent day policy and justification for these county policies must be included in the county's child care fund plan under section 119B.08, subdivision 3.~~

EFFECTIVE DATE. This section is effective January 1, 2013.

Sec. 9. Minnesota Statutes 2010, section 256.01, subdivision 14, is amended to read:

Subd. 14. **Child welfare reform pilots.** The commissioner of human services shall encourage local reforms in the delivery of child welfare services, within available appropriations, and is authorized to approve local pilot programs which focus on reforming the child protection and child welfare systems in Minnesota. Authority to approve pilots includes authority to waive existing state rules as needed to accomplish reform efforts. Notwithstanding section 626.556, subdivision 10, 10b, or 10d, the commissioner may authorize programs to use alternative methods of investigating and assessing reports of child maltreatment, provided that the programs comply with the provisions of section 626.556 dealing with the rights of individuals who are subjects of reports or investigations, including notice and appeal rights and data practices requirements. Pilot programs must be required to address responsibility for safety and protection of children, be time limited, and include evaluation of the pilot program.

Sec. 10. **[256.0145] COMPUTER SYSTEM SIMPLIFICATION.**

Subdivision 1. **Reprogram MAXIS.** The commissioner of human services shall reprogram the MAXIS computer system to automatically apply child support payments entered into the PRISM computer system to a MAXIS case file.

Subd. 2. **Program the social service information system.** The commissioner of human services shall require health plans to accept billing formats in compliance with national standards and with section 62J.536 and corresponding compliance guides as they apply to mental health targeted case management claims, elderly waiver claims, and other claim categories as added to the benefits set. The commissioner shall make any necessary change to the SSIS system to align with these requirements.

Sec. 11. Minnesota Statutes 2010, section 256B.69, is amended by adding a subdivision to read:

Subd. 30. **Provision of required materials in alternative formats.** (a) For the purposes of this subdivision, "alternative format" means a medium other than paper and "prepaid health plan" means managed care plans and county-based purchasing plans.

(b) A prepaid health plan may provide in an alternative format a provider directory and certificate of coverage, or materials otherwise required to be available in writing under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan, if the following conditions are met:

(1) the prepaid health plan, local agency, or commissioner, as applicable, informs the enrollee that:

(i) an alternative format is available and the enrollee affirmatively requests of the prepaid health plan that the provider directory, certificate of coverage, or materials otherwise required under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan be provided in an alternative format; and

(ii) a record of the enrollee request is retained by the prepaid health plan in the form of written direction from the enrollee or a documented telephone call followed by a confirmation letter to the enrollee from the prepaid health plan that explains that the enrollee may change the request at any time;

(2) the materials are sent to a secure electronic mailbox and are made available at a password-protected secure electronic Web site or on a data storage device if the materials contain enrollee data that is individually identifiable;

(3) the enrollee is provided a customer service number on the enrollee's membership card that may be called to request a paper version of the materials provided in an alternative format; and

(4) the materials provided in an alternative format meets all other requirements of the commissioner regarding content, size of the typeface, and any required time frames for distribution. "Required time frames for distribution" must permit sufficient time for prepaid health plans to distribute materials in alternative formats upon receipt of enrollees' requests for the materials.

(c) A prepaid health plan may provide in an alternative format its primary care network list to the commissioner and to local agencies within its service area. The commissioner or local agency,

as applicable, shall inform a potential enrollee of the availability of a prepaid health plan's primary care network list in an alternative format. If the potential enrollee requests an alternative format of the prepaid health plan's primary care network list, a record of that request shall be retained by the commissioner or local agency. The potential enrollee is permitted to withdraw the request at any time.

The prepaid health plan shall submit sufficient paper versions of the primary care network list to the commissioner and to local agencies within its service area to accommodate potential enrollee requests for paper versions of the primary care network list.

(d) A prepaid health plan may provide in an alternative format materials otherwise required to be available in writing under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with the prepaid health plan, if the conditions of paragraphs (b), (c), and (e), are met for persons who are eligible for enrollment in managed care.

(e) The commissioner shall seek any federal Medicaid waivers within 90 days after the effective date of this subdivision that are necessary to provide alternative formats of required material to enrollees of prepaid health plans as authorized under this subdivision.

(f) The commissioner shall consult with managed care plans, county-based purchasing plans, counties, and other interested parties to determine how materials required to be made available to enrollees under Code of Federal Regulations, title 42, section 438.10, or under the commissioner's contract with a prepaid health plan may be provided in an alternative format on the basis that the enrollee has not opted in to receive the alternative format. The commissioner shall consult with managed care plans, county-based purchasing plans, counties, and other interested parties to develop recommendations relating to the conditions that must be met for an opt-out process to be granted.

Sec. 12. Minnesota Statutes 2010, section 256D.02, subdivision 12a, is amended to read:

Subd. 12a. **Resident; general assistance medical care.** (a) For purposes of eligibility for ~~general assistance and~~ general assistance medical care, a person must be a resident of this state.

(b) A "resident" is a person living in the state for at least 30 days with the intention of making the person's home here and not for any temporary purpose. Time spent in a shelter for battered women shall count toward satisfying the 30-day residency requirement. All applicants for these programs are required to demonstrate the requisite intent and can do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license~~,~~; a state identification card~~,~~; a voter registration card~~,~~; a rent receipt~~,~~; a statement by the landlord, apartment manager, or homeowner verifying that the individual is residing at the address~~,~~; or other form of verification approved by the commissioner; or

(2) by verifying residence according to Minnesota Rules, part 9500.1219, subpart 3, item C.

(c) For general assistance medical care, a county agency shall waive the 30-day residency requirement in cases of medical emergencies. ~~For general assistance, a county shall waive the 30-day residency requirement where unusual hardship would result from denial of general assistance. For purposes of this subdivision, "unusual hardship" means the applicant is without shelter or is without available resources for food.~~

The county agency must report to the commissioner within 30 days on any waiver granted under this section. The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

(d) ~~For purposes of paragraph (c), the following definitions apply (1) "metropolitan statistical area" is as defined by the United States Census Bureau; (2) "shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the applicant is eligible, provided the applicant does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.~~

~~(e)~~ Migrant workers as defined in section 256J.08 and, until March 31, 1998, their immediate families are exempt from the residency requirements of this section, provided the migrant worker provides verification that the migrant family worked in this state within the last 12 months and earned at least $1,000 in gross wages during the time the migrant worker worked in this state.

~~(f) For purposes of eligibility for emergency general assistance, the 30-day residency requirement under this section shall not be waived.~~

~~(g)~~ (e) If any provision of this subdivision is enjoined from implementation or found unconstitutional by any court of competent jurisdiction, the remaining provisions shall remain valid and shall be given full effect.

Sec. 13. Minnesota Statutes 2010, section 256D.44, subdivision 5, is amended to read:

Subd. 5. **Special needs.** In addition to the state standards of assistance established in subdivisions 1 to 4, payments are allowed for the following special needs of recipients of Minnesota supplemental aid who are not residents of a nursing home, a regional treatment center, or a group residential housing facility.

~~(a) The county agency shall pay a monthly allowance for medically prescribed diets if the cost of those additional dietary needs cannot be met through some other maintenance benefit. The need for special diets or dietary items must be prescribed by a licensed physician. Costs for special diets shall be determined as percentages of the allotment for a one-person household under the thrifty food plan as defined by the United States Department of Agriculture. The types of diets and the percentages of the thrifty food plan that are covered are as follows:~~

~~(1) high protein diet, at least 80 grams daily, 25 percent of thrifty food plan;~~

~~(2) controlled protein diet, 40 to 60 grams and requires special products, 100 percent of thrifty food plan;~~

~~(3) controlled protein diet, less than 40 grams and requires special products, 125 percent of thrifty food plan;~~

~~(4) low cholesterol diet, 25 percent of thrifty food plan;~~

~~(5) high residue diet, 20 percent of thrifty food plan;~~

~~(6) pregnancy and lactation diet, 35 percent of thrifty food plan;~~

~~(7) gluten-free diet, 25 percent of thrifty food plan;~~

~~(8) lactose-free diet, 25 percent of thrifty food plan;~~

~~(9) antidumping diet, 15 percent of thrifty food plan;~~

~~(10) hypoglycemic diet, 15 percent of thrifty food plan; or~~

~~(11) ketogenic diet, 25 percent of thrifty food plan.~~

~~(b) Payment for nonrecurring special needs must be allowed for necessary home repairs or necessary repairs or replacement of household furniture and appliances using the payment standard of the AFDC program in effect on July 16, 1996, for these expenses, as long as other funding sources are not available.~~

~~(c) A fee for guardian or conservator service is allowed at a reasonable rate negotiated by the county or approved by the court. This rate shall not exceed five percent of the assistance unit's gross monthly income up to a maximum of $100 per month. If the guardian or conservator is a member of the county agency staff, no fee is allowed.~~

~~(d) The county agency shall continue to pay a monthly allowance of $68 for restaurant meals for a person who was receiving a restaurant meal allowance on June 1, 1990, and who eats two or more meals in a restaurant daily. The allowance must continue until the person has not received Minnesota supplemental aid for one full calendar month or until the person's living arrangement changes and the person no longer meets the criteria for the restaurant meal allowance, whichever occurs first.~~

~~(e) A fee of ten percent of the recipient's gross income or $25, whichever is less, is allowed for representative payee services provided by an agency that meets the requirements under SSI regulations to charge a fee for representative payee services. This special need is available to all recipients of Minnesota supplemental aid regardless of their living arrangement.~~

~~(f)~~ (a)(1) ~~Notwithstanding the language in this subdivision,~~ An amount equal to the maximum allotment authorized by the federal Food Stamp Program for a single individual which is in effect on the first day of July of each year will be added to the standards of assistance established in subdivisions 1 to 4 for adults under the age of 65 who qualify as shelter needy and are: (i) relocating from an institution, or an adult mental health residential treatment program under section 256B.0622; (ii) eligible for the self-directed supports option as defined under section 256B.0657, subdivision 2; or (iii) home and community-based waiver recipients living in their own home or rented or leased apartment which is not owned, operated, or controlled by a provider of service not related by blood or marriage, unless allowed under paragraph ~~(g)~~ (b).

(2) Notwithstanding subdivision 3, paragraph (c), an individual eligible for the shelter needy benefit under this paragraph is considered a household of one. An eligible individual who receives this benefit prior to age 65 may continue to receive the benefit after the age of 65.

(3) "Shelter needy" means that the assistance unit incurs monthly shelter costs that exceed 40 percent of the assistance unit's gross income before the application of this special needs standard. "Gross income" for the purposes of this section is the applicant's or recipient's income as defined in section 256D.35, subdivision 10, or the standard specified in subdivision 3, paragraph (a) or (b), whichever is greater. A recipient of a federal or state housing subsidy, that limits shelter costs to a percentage of gross income, shall not be considered shelter needy for purposes of this paragraph.

~~(g) Notwithstanding this subdivision,~~ (b) To access housing and services as provided in paragraph ~~(f)~~ (a), the recipient may choose housing that may be owned, operated, or controlled by the recipient's service provider. In a multifamily building of four or more units, the maximum number of apartments that may be used by recipients of this program shall be 50 percent of the units in a building. This paragraph expires on June 30, 2012.

Sec. 14. Minnesota Statutes 2010, section 256D.47, is amended to read:

256D.47 PAYMENT METHODS.

Minnesota supplemental aid payments must be issued to the recipient, a protective payee, or a conservator or guardian of the recipient's estate in the form of county warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution. Minnesota supplemental aid payments must be issued regularly on the first day of the month. The supplemental aid warrants must be mailed only to the address at which the recipient resides, unless another address has been approved in advance by the county agency. Vendor payments must not be issued by the county agency except for nonrecurring emergency need payments; at the request of the recipient; ~~for special needs, other than special diets;~~ or when the agency determines the need for protective payments exist.

Sec. 15. Minnesota Statutes 2010, section 256D.49, subdivision 3, is amended to read:

Subd. 3. **Overpayment of monthly grants and recovery of ATM errors.** (a) When the county agency determines that an overpayment of the recipient's monthly payment of Minnesota supplemental aid has occurred, it shall issue a notice of overpayment to the recipient. If the person is no longer receiving Minnesota supplemental aid, the county agency may request voluntary repayment or pursue civil recovery. If the person is receiving Minnesota supplemental aid, the county agency shall recover the overpayment by withholding an amount equal to three percent of the standard of assistance for the recipient or the total amount of the monthly grant, whichever is less.

(b) Establishment of an overpayment is limited to 12 months from the date of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(c) For recipients receiving benefits via electronic benefit transfer, if the overpayment is a result of an automated teller machine (ATM) dispensing funds in error to the recipient, the agency may recover the ATM error by immediately withdrawing funds from the recipient's electronic benefit transfer account, up to the amount of the error.

(d) Residents of ~~nursing homes, regional treatment centers, and~~ licensed residential facilities ~~with negotiated rates~~ shall not have overpayments recovered from their personal needs allowance.

Sec. 16. Minnesota Statutes 2010, section 256E.30, subdivision 2, is amended to read:

Subd. 2. **Allocation of money.** (a) ~~State money appropriated and~~ Community service block grant money allotted to the state and all money transferred to the community service block grant from other block grants shall be allocated annually to community action agencies and Indian reservation governments under clauses (b) and (c), and to migrant and seasonal farmworker organizations under clause (d).

(b) The available annual money will provide base funding to all community action agencies and the Indian reservations. Base funding amounts per agency are as follows: for agencies with low income populations up to 3,999, $25,000; 4,000 to 23,999, $50,000; and 24,000 or more, $100,000.

(c) All remaining money of the annual money available after the base funding has been determined must be allocated to each agency and reservation in proportion to the size of the poverty level population in the agency's service area compared to the size of the poverty level population in the state.

(d) Allocation of money to migrant and seasonal farmworker organizations must not exceed three percent of the total annual money available. Base funding allocations must be made for all community action agencies and Indian reservations that received money under this subdivision, in fiscal year 1984, and for community action agencies designated under this section with a service area population of 35,000 or greater.

Sec. 17. Minnesota Statutes 2010, section 256E.35, subdivision 5, is amended to read:

Subd. 5. **Household eligibility; participation.** (a) To be eligible for ~~state or TANF~~ matching funds in the family assets for independence initiative, a household must meet the eligibility requirements of the federal Assets for Independence Act, Public Law 105-285, in Title IV, section 408 of that act.

(b) Each participating household must sign a family asset agreement that includes the amount of scheduled deposits into its savings account, the proposed use, and the proposed savings goal. A participating household must agree to complete an economic literacy training program.

Participating households may only deposit money that is derived from household earned income or from state and federal income tax credits.

Sec. 18. Minnesota Statutes 2010, section 256E.35, subdivision 6, is amended to read:

Subd. 6. **Withdrawal; matching; permissible uses.** (a) To receive a match, a participating household must transfer funds withdrawn from a family asset account to its matching fund custodial account held by the fiscal agent, according to the family asset agreement. The fiscal agent must determine if the match request is for a permissible use consistent with the household's family asset agreement.

The fiscal agent must ensure the household's custodial account contains the applicable matching funds to match the balance in the household's account, including interest, on at least a quarterly basis and at the time of an approved withdrawal. ~~Matches must be provided as follows:~~

~~(1) from state grant and TANF funds a matching contribution of $1.50 for every $1 of funds withdrawn from the family asset account equal to the lesser of $720 per year or a $3,000 lifetime limit; and~~

~~(2) from nonstate funds, a matching contribution of no less than $1.50 for every $1 of funds withdrawn from the family asset account equal to the lesser of $720 per year or a $3,000 lifetime limit.~~

(b) Upon receipt of transferred custodial account funds, the fiscal agent must make a direct payment to the vendor of the goods or services for the permissible use.

Sec. 19. Minnesota Statutes 2010, section 256J.12, subdivision 1a, is amended to read:

Subd. 1a. ~~**30-day** **60-day** residency requirement.~~ An assistance unit is considered to have established residency in this state only when a child or caregiver has resided in this state for at least ~~30~~ 60 consecutive days with the intention of making the person's home here and not for any temporary purpose. The birth of a child in Minnesota to a member of the assistance unit does not automatically establish the residency in this state under this subdivision of the other members of the assistance unit. Time spent in a shelter for battered women shall count toward satisfying the ~~30-day~~ 60-day residency requirement.

Sec. 20. Minnesota Statutes 2010, section 256J.12, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** (a) ~~A county shall waive the 30-day residency requirement where unusual hardship would result from denial of assistance.~~

~~(b) For purposes of this section, unusual hardship means an assistance unit:~~

~~(1) is without alternative shelter; or~~

~~(2) is without available resources for food.~~

~~(c) For purposes of this subdivision, the following definitions apply (1) "metropolitan statistical area" is as defined by the U.S. Census Bureau; (2) "alternative shelter" includes any shelter that is located within the metropolitan statistical area containing the county and for which the family is eligible, provided the assistance unit does not have to travel more than 20 miles to reach the shelter and has access to transportation to the shelter. Clause (2) does not apply to counties in the Minneapolis-St. Paul metropolitan statistical area.~~

~~(d)~~ Applicants are considered to meet the residency requirement under subdivision 1a if they once resided in Minnesota and:

(1) joined the United States armed services, returned to Minnesota within 30 days of leaving the armed services, and intend to remain in Minnesota; or

(2) left to attend school in another state, paid nonresident tuition or Minnesota tuition rates under a reciprocity agreement, and returned to Minnesota within 30 days of graduation with the intent to remain in Minnesota.

~~(e)~~ (b) The ~~30-day~~ 60-day residence requirement is met when:

(1) a minor child or a minor caregiver moves from another state to the residence of a relative caregiver; and

(2) the relative caregiver has resided in Minnesota for at least ~~30~~ 60 consecutive days and:

(i) the minor caregiver applies for and receives MFIP; or

(ii) the relative caregiver applies for assistance for the minor child but does not choose to be a member of the MFIP assistance unit.

Sec. 21. Minnesota Statutes 2010, section 256J.37, is amended by adding a subdivision to read:

Subd. 3c. **Treatment of Supplemental Security Income.** Effective July 1, 2011, the county

shall reduce the cash portion of the MFIP grant by $150.00 per SSI recipient who resides in the household, and who would otherwise be included in the MFIP assistance unit under section 256J.24, subdivision 2, but is excluded solely due to the SSI recipient status under section 256J.24, subdivision 3, paragraph (a), clause (1). If the SSI recipient receives less than $150 of SSI, only the amount received shall be used in calculating the MFIP cash assistance payment. This provision does not apply to relative caregivers who could elect to be included in the MFIP assistance unit under section 256J.24, subdivision 4, unless the caregiver's children or stepchildren are included in the MFIP assistance unit.

Sec. 22. Minnesota Statutes 2010, section 256J.38, subdivision 1, is amended to read:

Subdivision 1. **Scope of overpayment.** (a) When a participant or former participant receives an overpayment due to agency, client, or ATM error, or due to assistance received while an appeal is pending and the participant or former participant is determined ineligible for assistance or for less assistance than was received, the county agency must recoup or recover the overpayment using the following methods:

(1) reconstruct each affected budget month and corresponding payment month;

(2) use the policies and procedures that were in effect for the payment month; and

(3) do not allow employment disregards in section 256J.21, subdivision 3 or 4, in the calculation of the overpayment when the unit has not reported within two calendar months following the end of the month in which the income was received.

(b) Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

Sec. 23. **[256N.10] ADULT ASSISTANCE GRANT PROGRAM.**

The adult assistance grant program is a capped allocation to counties that can be spent in a flexible manner, to the extent funds are available, for adult assistance.

Sec. 24. **[256N.20] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 256N.01 to 256N.80, the terms defined in this section have the meanings given them.

Subd. 2. **Adult assistance.** "Adult assistance" means a capped allocation provided or arranged for by county boards for ongoing emergency needs, special diets, or special needs as determined by the county.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of human services.

Subd. 4. **County board.** "County board" means the board of county commissioners in each county.

Subd. 5. **Eligible participant.** "Eligible participant" means low-income adults who meet the residency requirements under section 256N.22, and who were previously eligible for programs under subdivision 6 are eligible for adult assistance. The commissioner may develop more specific eligibility criteria.

Subd. 6. **Former programs.** "Former programs" means funding for:

(1) general assistance;

(2) emergency general assistance;

(3) emergency supplemental aid; and

(4) Minnesota supplemental aid special needs and special diets.

Sec. 25. **[256N.22] RESIDENCY.**

(a) For purposes of eligibility for adult assistance, a person must be a resident of this state.

(b) A "resident" is a person living in the state for at least 60 days with the intention of making the person's home here and not for any temporary purpose. Time spent in a shelter for battered women shall count toward satisfying the 60-day residency requirement. All applicants for these programs are required to demonstrate the requisite intent and may do so in any of the following ways:

(1) by showing that the applicant maintains a residence at a verified address, other than a place of public accommodation. An applicant may verify a residence address by presenting a valid state driver's license, a state identification card, a voter registration card, or a rent receipt; or

(2) by verifying residence according to Minnesota Rules, part 9500.1219, subpart 3, item C.

(c) The county shall not deny an application solely because the applicant does not meet at least one of the criteria in this subdivision, but shall continue to process the application and leave the application pending until the residency requirement is met or until eligibility or ineligibility is established.

(d) If any provision of this subdivision is enjoined from implementation or found unconstitutional by any court of competent jurisdiction, the remaining provisions shall remain valid and shall be given full effect.

Sec. 26. **[256N.25] PROGRAM EVALUATION.**

Subdivision 1. **County evaluation.** Each county shall submit to the commissioner data from the past calendar year on the outcomes and performance indicators, and information as to how grant funds are being spent on the target population. The commissioner shall prescribe standard methods to be used by the counties in providing the data. The data shall be submitted no later than March 1 of each year, beginning with March 1, 2013. The commissioner shall define outcomes and performance indicators.

Subd. 2. **Statewide evaluation.** Six months after the end of the first full calendar year and biennially thereafter, the commissioner shall prepare a report on the counties' progress in improving the outcomes of adults related to safety and well-being. This report shall be disseminated electronically throughout the state.

Sec. 27. **[256N.30] FUNDING.**

Subdivision 1. **Purpose.** Counties may use the capped allocation for adult assistance for individuals under section 256N.20, subdivision 2.

Subd. 2. **Allocation.** Funding for the adult assistance grant program is limited to the appropriation. The commissioner shall allocate to counties the money appropriated for the program based on each county agency's average share of the state's former programs under section 256N.20, subdivision 6. The commissioner may reallocate any unspent amounts to other counties. No county shall be allocated less than $1,000 for the fiscal year. Any adult assistance aid expenditures by a county above the amount of the commissioner's allocation to the county must be made from county funds.

Sec. 28. Minnesota Statutes 2010, section 393.07, subdivision 10, is amended to read:

Subd. 10. **Food stamp program; Maternal and Child Nutrition Act.** (a) The local social services agency shall establish and administer the food stamp program according to rules of the commissioner of human services, the supervision of the commissioner as specified in section 256.01, and all federal laws and regulations. The commissioner of human services shall monitor food stamp program delivery on an ongoing basis to ensure that each county complies with federal laws and regulations. Program requirements to be monitored include, but are not limited to, number of applications, number of approvals, number of cases pending, length of time required to process each application and deliver benefits, number of applicants eligible for expedited issuance, length of time required to process and deliver expedited issuance, number of terminations and reasons for terminations, client profiles by age, household composition and income level and sources, and the use of phone certification and home visits. The commissioner shall determine the county-by-county and statewide participation rate.

(b) On July 1 of each year, the commissioner of human services shall determine a statewide and county-by-county food stamp program participation rate. The commissioner may designate a different agency to administer the food stamp program in a county if the agency administering the program fails to increase the food stamp program participation rate among families or eligible individuals, or comply with all federal laws and regulations governing the food stamp program. The commissioner shall review agency performance annually to determine compliance with this paragraph.

(c) A person who commits any of the following acts has violated section 256.98 or 609.821, or both, and is subject to both the criminal and civil penalties provided under those sections:

(1) obtains or attempts to obtain, or aids or abets any person to obtain by means of a willful statement or misrepresentation, or intentional concealment of a material fact, food stamps or vouchers issued according to sections 145.891 to 145.897 to which the person is not entitled or in an amount greater than that to which that person is entitled or which specify nutritional supplements to which that person is not entitled; or

(2) presents or causes to be presented, coupons or vouchers issued according to sections 145.891 to 145.897 for payment or redemption knowing them to have been received, transferred or used in a manner contrary to existing state or federal law; or

(3) willfully uses, possesses, or transfers food stamp coupons, authorization to purchase cards or vouchers issued according to sections 145.891 to 145.897 in any manner contrary to existing state or federal law, rules, or regulations; or

(4) buys or sells food stamp coupons, authorization to purchase cards, other assistance transaction devices, vouchers issued according to sections 145.891 to 145.897, or any food obtained

through the redemption of vouchers issued according to sections 145.891 to 145.897 for cash or consideration other than eligible food.

(d) A peace officer or welfare fraud investigator may confiscate food stamps, authorization to purchase cards, or other assistance transaction devices found in the possession of any person who is neither a recipient of the food stamp program nor otherwise authorized to possess and use such materials. Confiscated property shall be disposed of as the commissioner may direct and consistent with state and federal food stamp law. The confiscated property must be retained for a period of not less than 30 days to allow any affected person to appeal the confiscation under section 256.045.

(e) ~~Food stamp overpayment claims which are due in whole or in part to client error shall be established by the county agency for a period of six years from the date of any resultant overpayment~~ Establishment of an overpayment is limited to 12 months prior to the month of discovery due to agency error. Establishment of an overpayment is limited to six years prior to the month of discovery due to client error or an intentional program violation determined under section 256.046.

(f) With regard to the federal tax revenue offset program only, recovery incentives authorized by the federal food and consumer service shall be retained at the rate of 50 percent by the state agency and 50 percent by the certifying county agency.

(g) A peace officer, welfare fraud investigator, federal law enforcement official, or the commissioner of health may confiscate vouchers found in the possession of any person who is neither issued vouchers under sections 145.891 to 145.897, nor otherwise authorized to possess and use such vouchers. Confiscated property shall be disposed of as the commissioner of health may direct and consistent with state and federal law. The confiscated property must be retained for a period of not less than 30 days.

(h) The commissioner of human services may seek a waiver from the United States Department of Agriculture to allow the state to specify foods that may and may not be purchased in Minnesota with benefits funded by the federal Food Stamp Program. The commissioner shall consult with the members of the house of representatives and senate policy committees having jurisdiction over food support issues in developing the waiver. The commissioner, in consultation with the commissioners of health and education, shall develop a broad public health policy related to improved nutrition and health status. The commissioner must seek legislative approval prior to implementing the waiver.

Sec. 29. Minnesota Statutes 2010, section 402A.10, subdivision 4, is amended to read:

Subd. 4. **Essential human services or essential services.** "Essential human services" or "essential services" means assistance and services to recipients or potential recipients of public welfare and other services delivered by counties or tribes that are mandated in federal and state law that are to be available in all counties of the state.

Sec. 30. Minnesota Statutes 2010, section 402A.10, subdivision 5, is amended to read:

Subd. 5. **Service delivery authority.** "Service delivery authority" means a single county, or ~~group~~ consortium of counties operating by execution of a joint powers agreement under section 471.59 or other contractual agreement, that has voluntarily chosen by resolution of the county board of commissioners to participate in the redesign under this chapter or has been assigned by the commissioner pursuant to section 402A.18. A service delivery authority includes an Indian tribe or group of tribes that have voluntarily chosen by resolution of tribal government to participate in

redesign under this chapter.

Sec. 31. Minnesota Statutes 2010, section 402A.15, is amended to read:

402A.15 STEERING COMMITTEE ON PERFORMANCE AND OUTCOME REFORMS.

Subdivision 1. **Duties.** (a) The Steering Committee on Performance and Outcome Reforms shall develop a uniform process to establish and review performance and outcome standards for all essential human services based on the current level of resources available, and ~~to~~ shall develop appropriate reporting measures and a uniform accountability process for responding to a county's or ~~human~~ service delivery authority's failure to make adequate progress on achieving performance measures. The accountability process shall focus on the performance measures rather than inflexible implementation requirements.

(b) The steering committee shall:

(1) by November 1, 2009, establish an agreed-upon list of essential services;

(2) by February 15, 2010, develop and recommend to the legislature a uniform, graduated process, in addition to the remedies identified in section 402A.18, for responding to a county's failure to make adequate progress on achieving performance measures; and

(3) by December 15, 2012, for each essential service, make recommendations to the legislature regarding ~~(1)~~ (i) performance measures and goals based on those measures for each essential service, ~~(2)~~ and (ii) a system for reporting on the performance measures and goals~~, and (3) appropriate resources, including funding, needed to achieve those performance measures and goals. The resource recommendations shall take into consideration program demand and the unique differences of local areas in geography and the populations served. Priority shall be given to services with the greatest variation in availability and greatest administrative demands~~. By January 15 of each year starting January 15, 2011, the steering committee shall report its recommendations to the governor and legislative committees with jurisdiction over health and human services. As part of its report, the steering committee shall, as appropriate, recommend statutory provisions, rules and requirements, and reports that should be repealed or eliminated.

(c) As far as possible, the performance measures, reporting system, and funding shall be consistent across program areas. The development of performance measures shall consider the manner in which data will be collected and performance will be reported. The steering committee shall consider state and local administrative costs related to collecting data and reporting outcomes when developing performance measures. ~~The steering committee shall correlate the performance measures and goals to available levels of resources, including state and local funding.~~ The steering committee shall also identify and incorporate federal performance measures in its recommendations for those program areas where federal funding is contingent on meeting federal performance standards. The steering committee shall take into consideration that the goal of implementing changes to program monitoring and reporting the progress toward achieving outcomes is to significantly minimize the cost of administrative requirements and to allow funds freed by reduced administrative expenditures to be used to provide additional services, allow flexibility in service design and management, and focus energies on achieving program and client outcomes.

(d) In making its recommendations, the steering committee shall consider input from the

council established in section 402A.20. ~~The steering committee shall review the measurable goals established in a memorandum of understanding entered into under section 402A.30, subdivision 2, paragraph (b), and consider whether they may be applied as statewide performance outcomes.~~

(e) The steering committee shall form work groups that include persons who provide or receive essential services and representatives of organizations who advocate on behalf of those persons.

(f) By December 15, 2009, the steering committee shall establish a three-year schedule for completion of its work. The schedule shall be published on the Department of Human Services Web site and reported to the legislative committees with jurisdiction over health and human services. In addition, the commissioner shall post quarterly updates on the progress of the steering committee on the Department of Human Services Web site.

Subd. 2. **Composition.** (a) The steering committee shall include:

(1) the commissioner of human services, or designee, and two additional representatives of the department;

(2) two county commissioners, representative of rural and urban counties, selected by the Association of Minnesota Counties;

(3) two county directors of human services, representative of rural and urban counties, selected by the Minnesota Association of County Social Service Administrators; and

(4) three clients or client advocates representing different populations receiving services from the Department of Human Services, who are appointed by the commissioner.

(b) The commissioner, or designee, and a county commissioner shall serve as cochairs of the committee. The committee shall be convened within 60 days of May 15, 2009.

(c) State agency staff shall serve as informational resources and staff to the steering committee. Statewide county associations may assemble county program data as required.

~~(d) To promote information sharing and coordination between the steering committee and council, one of the county representatives from paragraph (a), clause (2), and one of the county representatives from paragraph (a), clause (3), must also serve as a representative on the council under section 402A.20, subdivision 1, paragraph (b), clause (5) or (6).~~

Sec. 32. Minnesota Statutes 2010, section 518A.51, is amended to read:

518A.51 FEES FOR IV-D SERVICES.

(a) When a recipient of IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs, the public authority responsible for child support enforcement must notify the recipient, within five working days of the notification of ineligibility, that IV-D services will be continued unless the public authority is notified to the contrary by the recipient. The notice must include the implications of continuing to receive IV-D services, including the available services and fees, cost recovery fees, and distribution policies relating to fees.

(b) An application fee of $25 shall be paid by the person who applies for child support and maintenance collection services, except persons who are receiving public assistance as defined in

section 256.741 and the diversionary work program under section 256J.95, persons who transfer from public assistance to nonpublic assistance status, and minor parents and parents enrolled in a public secondary school, area learning center, or alternative learning program approved by the commissioner of education.

(c) In the case of an individual who has never received assistance under a state program funded under title IV-A of the Social Security Act and for whom the public authority has collected at least $500 of support, the public authority must impose an annual federal collections fee of $25 for each case in which services are furnished. This fee must be retained by the public authority from support collected on behalf of the individual, but not from the first $500 collected.

(d) When the public authority provides full IV-D services to an obligee who has applied for those services, upon written notice to the obligee, the public authority must charge a cost recovery fee of ~~one~~ two percent of the amount collected. This fee must be deducted from the amount of the child support and maintenance collected and not assigned under section 256.741 before disbursement to the obligee. This fee does not apply to an obligee who:

(1) is currently receiving assistance under the state's title IV-A, IV-E foster care, medical assistance, or MinnesotaCare programs; or

(2) has received assistance under the state's title IV-A or IV-E foster care programs, until the person has not received this assistance for 24 consecutive months.

(e) When the public authority provides full IV-D services to an obligor who has applied for such services, upon written notice to the obligor, the public authority must charge a cost recovery fee of ~~one~~ two percent of the monthly court-ordered child support and maintenance obligation. The fee may be collected through income withholding, as well as by any other enforcement remedy available to the public authority responsible for child support enforcement.

(f) Fees assessed by state and federal tax agencies for collection of overdue support owed to or on behalf of a person not receiving public assistance must be imposed on the person for whom these services are provided. The public authority upon written notice to the obligee shall assess a fee of $25 to the person not receiving public assistance for each successful federal tax interception. The fee must be withheld prior to the release of the funds received from each interception and deposited in the general fund.

(g) Federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e) retained by the commissioner of human services shall be considered child support program income according to Code of Federal Regulations, title 45, section 304.50, and shall be deposited in the special revenue fund account established under paragraph (i). The commissioner of human services must elect to recover costs based on either actual or standardized costs.

(h) The limitations of this section on the assessment of fees shall not apply to the extent inconsistent with the requirements of federal law for receiving funds for the programs under title IV-A and title IV-D of the Social Security Act, United States Code, title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

(i) The commissioner of human services is authorized to establish a special revenue fund account to receive the federal collections fees collected under paragraph (c) and cost recovery fees collected under paragraphs (d) and (e). ~~A portion of the nonfederal share of these fees may be retained for~~

~~expenditures necessary to administer the fees and must be transferred to the child support system special revenue account. The remaining nonfederal share of the federal collections fees and cost recovery fees must be retained by the commissioner and dedicated to the child support general fund county performance-based grant account authorized under sections 256.979 and 256.9791.~~

(j) The nonfederal share of the cost recovery fee revenue must be retained by the commissioner and distributed as follows:

(1) one-half of the revenue must be transferred to the child support system special revenue account to support the state's administration of the child support enforcement program and its federally mandated automated system;

(2) an additional portion of the revenue must be transferred to the child support system special revenue account for expenditures necessary to administer the fees; and

(3) the remaining portion of the revenue must be distributed to the counties to aid the counties in funding their child support enforcement programs.

(k) The nonfederal share of the federal collections fees must be distributed to the counties to aid them in funding their child support enforcement programs.

(l) The commissioner of human services shall distribute quarterly any of the funds dedicated to the counties under paragraphs (j) and (k) using the methodology specified in section 256.979, subdivision 11. The funds received by the counties must be reinvested in the child support enforcement program and the counties must not reduce the funding of their child support programs by the amount of the funding distributed.

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

Sec. 33. **COUNTY ELECTRONIC VERIFICATION PROCEDURES.**

The commissioner of human services shall define which public assistance program requirements may be electronically verified for the purposes of determining eligibility, and shall also define procedures for electronic verification. The commissioner of human services shall report back to the chairs and ranking minority members of the legislative committees with jurisdiction over these issues by January 15, 2012, with draft legislation to implement the procedures if legislation is necessary for purposes of implementation.

Sec. 34. **ALIGNMENT OF PROGRAM POLICY AND PROCEDURES.**

The commissioner of human services, in consultation with counties and other key stakeholders, shall analyze and develop recommendations to align program policy and procedures across all public assistance programs to simplify and streamline program eligibility and access. The commissioner shall report back to the chairs and ranking minority members of the legislative committees with jurisdiction over these issues by January 15, 2013, with draft legislation to implement the recommendations.

Sec. 35. **ALTERNATIVE STRATEGIES FOR CERTAIN REDETERMINATIONS.**

The commissioner of human services shall develop and implement by January 15, 2012, a simplified process to redetermine eligibility for recipient populations in the medical assistance, Minnesota supplemental aid, food support, and group residential housing programs who are eligible

based upon disability, age, or chronic medical conditions, and who are expected to experience minimal change in income or assets from month to month. The commissioner shall apply for any federal waivers needed to implement this section.

Sec. 36. **REQUEST FOR PROPOSALS; COMBINED ONLINE APPLICATION.**

(a) The commissioner of human services shall issue a request for proposals for a contract to implement an integrated online eligibility and application portal for food support, cash assistance, child care, and health care programs. The request for proposals must require that the system recommended and implemented by the contractor:

(1) streamline eligibility determination and case processing in the state to support statewide eligibility processing;

(2) enable interested persons to determine their eligibility for each program, and to apply for programs online in a manner that asks the applicant only those questions that relate to the programs the person is applying for;

(3) leverage technology that has been operational in production in other similar state environments; and

(4) include Web-based application and worker application processing support and opportunity for expansion.

(b) If responses to the request for proposals meet the requirements under paragraph (a), the commissioner shall enter into a contract for the services specified in paragraph (a) by January 31, 2012. The contract must incorporate a performance-based vendor financing option whereby the vendor contributes the nonfederal share of the cost. If the commissioner determines that an adequate vendor cannot be chosen based on responses to the request for proposals, the commissioner shall report back to the chairs and ranking minority members of the legislative committees having jurisdiction over health and human services prior to the January 31, 2012, contract date.

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

Sec. 37. **UNIFORM ASSET LIMIT REQUIREMENTS.**

The commissioner of human services, in consultation with county human services representatives, shall analyze the differences in asset limit requirements across human services assistance programs, including group residential housing, Minnesota supplemental aid, general assistance, Minnesota family investment program, diversionary work program, the federal Supplemental Nutrition Assistance Program, state food assistance programs, and child care programs. The goal of the analysis is to establish a consistent asset limit across human services programs and minimize the administrative burdens on counties in implementing asset tests. The commissioner shall report its findings and conclusions to the health and human services legislative committees by January 15, 2012, and include draft legislation establishing a uniform asset limit for human services assistance programs.

Sec. 38. **ANALYSIS OF PROGRAMS AND THEIR AFFECT ON HEALTHY MARRIAGES.**

Subdivision 1. **Analysis.** The commissioner of human services shall conduct an analysis of

whether current human services programs affect the motivation and capacity of individuals to form and sustain healthy marriages in which to raise children. Programs to be examined in this marriage impact analysis include, but are not limited to, medical assistance, MinnesotaCare, Minnesota Family Investment program, general assistance, child protection, child support enforcement, child welfare services, and services for people who are mentally ill, chemically dependent, or have physical or developmental disabilities.

Subd. 2. **Report.** Before January 1, 2012, the commissioner shall submit a report to the legislature describing the results of this analysis and outlining proposals to improve the ability of human services programs to help people who are interested in marriage to form and sustain healthy marriages in which to raise children. The commissioner shall ensure that experts on healthy marriage are consulted on the process of conducting the analysis and writing the report.

Sec. 39. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall make conforming amendments and correct statutory cross-references as necessitated by the creation of Minnesota Statutes, chapter 256N, and related repealers in this article.

Sec. 40. **REPEALER.**

(a) Minnesota Statutes 2010, sections 256.979, subdivisions 5, 6, 7, and 10; 256.9791; 256D.01, subdivisions 1, 1a, 1b, 1e, and 2; 256D.03, subdivisions 1, 2, and 2a; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, and 8; 256D.0513; 256D.053, subdivisions 1, 2, and 3; 256D.06, subdivisions 1, 1b, 2, 5, 7, and 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, and 6; 256D.10; 256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; and 256D.46, are repealed.

(b) Minnesota Rules, part 9500.1243, subpart 3, is repealed.

(c) Minnesota Rules, part 3400.0130, subpart 8, is repealed effective September 3, 2012.

ARTICLE 4

DEPARTMENT OF HUMAN SERVICES LICENSING

Section 1. Minnesota Statutes 2010, section 245A.10, subdivision 1, is amended to read:

Subdivision 1. **Application or license fee required, programs exempt from fee.** (a) Unless exempt under paragraph (b), the commissioner shall charge a fee for evaluation of applications and inspection of programs which are licensed under this chapter.

(b) Except as provided under subdivision 2, no application or license fee shall be charged for child foster care, adult foster care, or family and group family child care ~~or state-operated programs, unless the state-operated program is an intermediate care facility for persons with developmental disabilities (ICF/MR)~~.

Sec. 2. Minnesota Statutes 2010, section 245A.10, subdivision 3, is amended to read:

Subd. 3. **Application fee for initial license or certification.** (a) For fees required under subdivision 1, an applicant for an initial license or certification issued by the commissioner shall submit a $500 application fee with each new application required under this subdivision. The application fee shall not be prorated, is nonrefundable, and is in lieu of the annual license or

certification fee that expires on December 31. The commissioner shall not process an application until the application fee is paid.

(b) Except as provided in clauses (1) to ~~(3)~~ (4), an applicant shall apply for a license to provide services at a specific location.

(1) For a license to provide residential-based habilitation services to persons with developmental disabilities under chapter 245B, an applicant shall submit an application for each county in which the services will be provided. Upon licensure, the license holder may provide services to persons in that county plus no more than three persons at any one time in each of up to ten additional counties. A license holder in one county may not provide services under the home and community-based waiver for persons with developmental disabilities to more than three people in a second county without holding a separate license for that second county. Applicants or licensees providing services under this clause to not more than three persons remain subject to the inspection fees established in section 245A.10, subdivision 2, for each location. The license issued by the commissioner must state the name of each additional county where services are being provided to persons with developmental disabilities. A license holder must notify the commissioner before making any changes that would alter the license information listed under section 245A.04, subdivision 7, paragraph (a), including any additional counties where persons with developmental disabilities are being served.

(2) For a license to provide supported employment, crisis respite, or semi-independent living services to persons with developmental disabilities under chapter 245B, an applicant shall submit a single application to provide services statewide.

(3) For a license to provide independent living assistance for youth under section 245A.22, an applicant shall submit a single application to provide services statewide.

(4) For a license for a private agency to provide foster care or adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, an applicant shall submit a single application to provide services statewide.

Sec. 3. Minnesota Statutes 2010, section 245A.10, subdivision 4, is amended to read:

Subd. 4. **License or certification fee for certain programs.** (a) Child care centers ~~and programs with a licensed capacity~~ shall pay an annual nonrefundable license ~~or certification~~ fee based on the following schedule:

Licensed Capacity	Child Care Center License Fee	~~Other Program License Fee~~
1 to 24 persons	~~$225~~ $200	~~$400~~
25 to 49 persons	~~$340~~ $300	~~$600~~
50 to 74 persons	~~$450~~ $400	~~$800~~
75 to 99 persons	~~$565~~ $500	~~$1,000~~
100 to 124 persons	~~$675~~ $600	~~$1,200~~
125 to 149 persons	~~$900~~ $700	~~$1,400~~
150 to 174 persons	~~$1,050~~ $800	~~$1,600~~

175 to 199 persons	~~$1,200~~ $900	~~$1,800~~
200 to 224 persons	~~$1,350~~ $1,000	~~$2,000~~
225 or more persons	~~$1,500~~ $1,100	~~$2,500~~

(b) A day training and habilitation program serving persons with developmental disabilities or related conditions shall ~~be assessed a~~ pay an annual nonrefundable license fee based on the following schedule ~~in paragraph (a) unless the license holder serves more than 50 percent of the same persons at two or more locations in the community.~~:

Licensed Capacity	License Fee
1 to 24 persons	$800
25 to 49 persons	$1,000
50 to 74 persons	$1,200
75 to 99 persons	$1,400
100 to 124 persons	$1,600
125 to 149 persons	$1,800
150 or more persons	$2,000

Except as provided in paragraph (c), when a day training and habilitation program serves more than 50 percent of the same persons in two or more locations in a community, the day training and habilitation program shall pay a license fee based on the licensed capacity of the largest facility and the other facility or facilities shall be charged a license fee based on a licensed capacity of a residential program serving one to 24 persons.

(c) When a day training and habilitation program serving persons with developmental disabilities or related conditions seeks a single license allowed under section 245B.07, subdivision 12, clause (2) or (3), the licensing fee must be based on the combined licensed capacity for each location.

(d) A program licensed to provide supported employment services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $650.

(e) A program licensed to provide crisis respite services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $700.

(f) A program licensed to provide semi-independent living services to persons with developmental disabilities under chapter 245B shall pay an annual nonrefundable license fee of $700.

(g) A program licensed to provide residential-based habilitation services under the home and community-based waiver for persons with developmental disabilities shall pay an annual license fee that includes a base rate of $690 plus $60 times the number of clients served on the first day of July of the current license year.

(h) A residential program certified by the Department of Health as an intermediate care facility for persons with developmental disabilities (ICF/MR) and a noncertified residential program

licensed to provide health or rehabilitative services for persons with developmental disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$535
25 to 49 persons	$735
50 or more persons	$935

(i) A chemical dependency treatment program licensed under Minnesota Rules, parts 9530.6405 to 9530.6505, to provide chemical dependency treatment shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$600
25 to 49 persons	$800
50 to 74 persons	$1,000
75 to 99 persons	$1,200
100 or more persons	$1,400

(j) A chemical dependency program licensed under Minnesota Rules, parts 9530.6510 to 9530.6590, to provide detoxification services shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$760
25 to 49 persons	$960
50 or more persons	$1,160

(k) Except for child foster care, a residential facility licensed under Minnesota Rules, chapter 2960, to serve children shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$1,000
25 to 49 persons	$1,100
50 to 74 persons	$1,200
75 to 99 persons	$1,300
100 or more persons	$1,400

(l) A residential facility licensed under Minnesota Rules, parts 9520.0500 to 9520.0670, to serve persons with mental illness shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$2,525
25 or more persons	$2,725

(m) A residential facility licensed under Minnesota Rules, parts 9570.2000 to 9570.3400, to serve persons with physical disabilities shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$450
25 to 49 persons	$650
50 to 74 persons	$850
75 to 99 persons	$1,050
100 or more persons	$1,250

(n) A program licensed to provide independent living assistance for youth under section 245A.22 shall pay an annual nonrefundable license fee of $1,500.

(o) A private agency licensed to provide foster care and adoption services under Minnesota Rules, parts 9545.0755 to 9545.0845, shall pay an annual nonrefundable license fee of $875.

(p) A program licensed as an adult day care center licensed under Minnesota Rules, parts 9555.9600 to 9555.9730, shall pay an annual nonrefundable license fee based on the following schedule:

Licensed Capacity	License Fee
1 to 24 persons	$500
25 to 49 persons	$700
50 to 74 persons	$900
75 to 99 persons	$1,100
100 or more persons	$1,300

(q) A program licensed to provide treatment services to persons with sexual psychopathic personalities or sexually dangerous persons under Minnesota Rules, parts 9515.3000 to 9515.3110, shall pay an annual nonrefundable license fee of $20,000.

(r) A mental health center or mental health clinic requesting certification for purposes of insurance and subscriber contract reimbursement under Minnesota Rules, parts 9520.0750 to 9520.0870, shall pay a certification fee of $1,550 per year. If the mental health center or mental health clinic provides services at a primary location with satellite facilities, the satellite facilities shall be certified with the primary location without an additional charge.

Sec. 4. Minnesota Statutes 2010, section 245A.10, is amended by adding a subdivision to read:

Subd. 7. **Human services licensing fees to recover expenditures.** Notwithstanding section 16A.1285, subdivision 2, related to activities for which the commissioner charges a fee, the commissioner must plan to fully recover direct expenditures for licensing activities under this chapter over a five-year period. The commissioner may have anticipated expenditures in excess of anticipated revenues in a biennium by using surplus revenues accumulated in previous bienniums.

Sec. 5. Minnesota Statutes 2010, section 245A.10, is amended by adding a subdivision to read:

Subd. 8. **Deposit of license fees.** A human services licensing account is created in the state government special revenue fund. Fees collected under subdivisions 3 and 4 must be deposited in the human services licensing account and are annually appropriated to the commissioner for licensing activities authorized under this chapter.

Sec. 6. Minnesota Statutes 2010, section 245A.11, subdivision 2b, is amended to read:

Subd. 2b. **Adult foster care; family adult day services.** An adult foster care license holder licensed under the conditions in subdivision 2a may also provide family adult day care for adults ~~age 55~~ age 18 or over ~~if no persons in the adult foster or family adult day services program have a serious and persistent mental illness or a developmental disability~~. Family adult day services provided in a licensed adult foster care setting must be provided as specified under section 245A.143. Authorization to provide family adult day services in the adult foster care setting shall be printed on the license certificate by the commissioner. Adult foster care homes licensed under this section and family adult day services licensed under section 245A.143 shall not be subject to licensure by the commissioner of health under the provisions of chapter 144, 144A, 157, or any other law requiring facility licensure by the commissioner of health. A separate license is not required to provide family adult day services in a licensed adult foster care home.

Sec. 7. Minnesota Statutes 2010, section 245A.143, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) The licensing standards in this section must be met to obtain and maintain a license to provide family adult day services. For the purposes of this section, family adult day services means a program operating fewer than 24 hours per day that provides functionally impaired adults~~, none of which are under age 55, have serious or persistent mental illness, or have developmental disabilities,~~ age 18 or older with an individualized and coordinated set of services including health services, social services, and nutritional services that are directed at maintaining or improving the participants' capabilities for self-care.

(b) A family adult day services license shall only be issued when the services are provided in the license holder's primary residence, and the license holder is the primary provider of care. The license holder may not serve more than eight adults at one time, including residents, if any, served under a license issued under Minnesota Rules, parts 9555.5105 to 9555.6265.

(c) An adult foster care license holder may provide family adult day services under the license holder's adult foster care license if the license holder meets the requirements of this section.

~~(d) When an applicant or license holder submits an application for initial licensure or relicensure for both adult foster care and family adult day services, the county agency shall process the request as a single application and shall conduct concurrent routine licensing inspections.~~

~~(e) Adult foster care license holders providing family adult day services under their foster care license on March 30, 2004, shall be permitted to continue providing these services with no~~

~~additional requirements until their adult foster care license is due for renewal. At the time of relicensure, an adult foster care license holder may continue to provide family adult day services upon demonstration of compliance with this section. Adult foster care license holders who provide only family adult day services on August 1, 2004, may apply for a license under this section instead of an adult foster care license.~~

Sec. 8. Minnesota Statutes 2010, section 245C.10, is amended by adding a subdivision to read:

Subd. 8. **Human services licensed programs.** The commissioner shall recover the cost of background studies required under section 245C.03, subdivision 1, for all programs that are licensed by the commissioner, except child foster care and family child care, through a fee of no more than $20 per study charged to the license holder. The fees collected under this subdivision are appropriated to the commissioner for the purpose of conducting background studies.

Sec. 9. Minnesota Statutes 2010, section 256B.49, subdivision 16a, is amended to read:

Subd. 16a. **Medical assistance reimbursement.** (a) The commissioner shall seek federal approval for medical assistance reimbursement of independent living skills services, foster care waiver service, supported employment, prevocational service, and structured day service under the home and community-based waiver for persons with a traumatic brain injury, the community alternatives for disabled individuals waivers, and the community alternative care waivers.

(b) Medical reimbursement shall be made only when the provider demonstrates evidence of its capacity to meet basic health, safety, and protection standards through the following methods:

(1) for independent living skills services, supported employment, prevocational service, and structured day service through one of the methods in paragraphs (c) and (d); and

(2) for foster care waiver services through the method in paragraph (e).

(c) The provider is licensed to provide services under chapter 245B and agrees to apply these standards to services funded through the traumatic brain injury, community alternatives for disabled persons, or community alternative care home and community-based waivers.

(d) The commissioner shall certify that the provider has policies and procedures governing the following:

(1) protection of the consumer's rights and privacy;

(2) risk assessment and planning;

(3) record keeping and reporting of incidents and emergencies with documentation of corrective action if needed;

(4) service outcomes, regular reviews of progress, and periodic reports;

(5) complaint and grievance procedures;

(6) service termination or suspension;

(7) necessary training and supervision of direct care staff that includes:

(i) documentation in personnel files of 20 hours of orientation training in providing training

related to service provision;

(ii) training in recognizing the symptoms and effects of certain disabilities, health conditions, and positive behavioral supports and interventions;

(iii) a minimum of five hours of related training annually; and

(iv) when applicable:

(A) safe medication administration;

(B) proper handling of consumer funds; and

(C) compliance with prohibitions and standards developed by the commissioner to satisfy federal requirements regarding the use of restraints and restrictive interventions. The commissioner shall review at least biennially that each service provider's policies and procedures governing basic health, safety, and protection of rights continue to meet minimum standards.

(e) The commissioner shall seek federal approval for Medicaid reimbursement of foster care services under the home and community-based waiver for persons with a traumatic brain injury, the community alternatives for disabled individuals waiver, and community alternative care waiver when the provider demonstrates evidence of its capacity to meet basic health, safety, and protection standards. The commissioner shall verify that the adult foster care provider is licensed under Minnesota Rules, parts 9555.5105 to 9555.6265; that the child foster care provider is licensed as a family foster care or a foster care residence under Minnesota Rules, parts 2960.3000 to 2960.3340, and certify that the provider has policies and procedures that govern:

(1) compliance with prohibitions and standards developed by the commissioner to meet federal requirements regarding the use of restraints and restrictive interventions;

(2) documentation of service needs and outcomes, regular reviews of progress, and periodic reports; and

(3) safe medication management and administration.

The commissioner shall review at least biennially that each service provider's policies and procedures governing basic health, safety, and protection of rights standards continue to meet minimum standards.

(f) The commissioner shall seek federal waiver approval for Medicaid reimbursement of family adult day services under all disability waivers. After the waiver is granted, the commissioner shall include family adult day services in the common services menu that is currently under development.

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

Sec. 10. **REPEALER.**

Minnesota Statutes 2010, section 245A.10, subdivision 5, is repealed.

ARTICLE 5

HEALTH CARE

Section 1. **[1.06] FREEDOM OF CHOICE IN HEALTH CARE ACT.**

Subdivision 1. **Citation.** This section shall be known as and may be cited as the "Freedom of Choice in Health Care Act."

Subd. 2. **Definitions.** (a) For purposes of this section, the following terms have the meaning given them.

(b) "Health care service" means any service, treatment, or provision of a product for the care of a physical or mental disease, illness, injury, defect, or condition, or to otherwise maintain or improve physical or mental health, subject to all laws and rules regulating health service providers and products within the state of Minnesota.

(c) "Mode of securing" means to purchase directly or on credit or by trade, or to contract for third-party payment by insurance or other legal means as authorized by the state of Minnesota, or to apply for or accept employer-sponsored or government-sponsored health care benefits under such conditions as may legally be required as a condition of such benefits, or any combination of the same.

(d) "Penalty" means any civil or criminal fine, tax, salary or wage withholding, surcharge, fee, or any other imposed consequence established by law or rule of a government or its subdivision or agency that is used to punish or discourage the exercise of rights protected under this section.

Subd. 3. **Statement of public policy.** (a) The power to require or regulate a person's choice in the mode of securing health care services, or to impose a penalty related to that choice, is not found in the Constitution of the United States of America, and is therefore a power reserved to the people pursuant to the Ninth Amendment, and to the several states pursuant to the Tenth Amendment. The state of Minnesota hereby exercises its sovereign power to declare the public policy of the state of Minnesota regarding the right of all persons residing in the state in choosing the mode of securing health care services.

(b) It is hereby declared that the public policy of the state of Minnesota, consistent with our constitutionally recognized and inalienable rights of liberty, is that every person within the state of Minnesota is and shall be free to choose or decline to choose any mode of securing health care services without penalty or threat of penalty.

(c) The policy stated under this section shall not be applied to impair any right of contract related to the provision of health care services to any person or group.

Subd. 4. **Enforcement.** (a) No public official, employee, or agent of the state of Minnesota or any of its political subdivisions shall act to impose, collect, enforce, or effectuate any penalty in the state of Minnesota that violates the public policy set forth in this section.

(b) The attorney general shall take any action as is provided in this section or section 8.31 in the defense or prosecution of rights protected under this section.

Sec. 2. Minnesota Statutes 2010, section 8.31, subdivision 1, is amended to read:

Subdivision 1. **Investigate offenses against provisions of certain designated sections; assist in enforcement.** (a) The attorney general shall investigate violations of the law of this state respecting unfair, discriminatory, and other unlawful practices in business, commerce, or trade, and specifically, but not exclusively, the Nonprofit Corporation Act (sections 317A.001 to 317A.909), the Act Against Unfair Discrimination and Competition (sections 325D.01 to 325D.07),

the Unlawful Trade Practices Act (sections 325D.09 to 325D.16), the Antitrust Act (sections 325D.49 to 325D.66), section 325F.67 and other laws against false or fraudulent advertising, the antidiscrimination acts contained in section 325D.67, the act against monopolization of food products (section 325D.68), the act regulating telephone advertising services (section 325E.39), the Prevention of Consumer Fraud Act (sections 325F.68 to 325F.70), and chapter 53A regulating currency exchanges and assist in the enforcement of those laws as in this section provided.

(b) The attorney general shall seek injunctive and any other appropriate relief as expeditiously as possible to preserve the rights and property of the residents of Minnesota, and to defend as necessary the state of Minnesota, its officials, employees, and agents in the event that any law or regulation violating the public policy set forth in the Freedom of Choice in Health Care Act in this section is enacted by any government, subdivision, or agency thereof.

(c) The attorney general shall seek injunctive and any other appropriate relief as expeditiously as possible in the event that any law or regulation violating the public policy set forth in the Freedom of Choice in Health Care Act in this section is enacted without adequate federal funding to the state to ensure affordable health care coverage is available to the residents of Minnesota.

Sec. 3. Minnesota Statutes 2010, section 8.31, subdivision 3a, is amended to read:

Subd. 3a. **Private remedies.** In addition to the remedies otherwise provided by law, any person injured by a violation of any of the laws referred to in subdivision 1 or a violation of the public policy in section 1.06 may bring a civil action and recover damages, together with costs and disbursements, including costs of investigation and reasonable attorney's fees, and receive other equitable relief as determined by the court. The court may, as appropriate, enter a consent judgment or decree without the finding of illegality. In any action brought by the attorney general pursuant to this section, the court may award any of the remedies allowable under this subdivision. An action under this subdivision for any violation of section 1.06 is in the public interest.

Sec. 4. Minnesota Statutes 2010, section 62E.14, is amended by adding a subdivision to read:

Subd. 4f. **Waiver of preexisting conditions for persons covered by healthy Minnesota contribution program.** A person may enroll in the comprehensive plan with a waiver of the preexisting condition limitation in subdivision 3 if the person is eligible for the healthy Minnesota contribution program, and has been denied coverage as described under section 256L.031, subdivision 6.

Sec. 5. Minnesota Statutes 2010, section 62J.692, subdivision 7, is amended to read:

Subd. 7. **Transfers from the commissioner of human services.** Of the amount transferred according to section 256B.69, subdivision 5c, paragraph (a), clauses (1) to (4), $21,714,000 shall be distributed as follows:

(1) $2,157,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for the purposes described in sections 137.38 to 137.40;

(2) $1,035,360 shall be distributed by the commissioner to the Hennepin County Medical Center for clinical medical education;

(3) $17,400,000 shall be distributed by the commissioner to the University of Minnesota Board of Regents for purposes of medical education; and

(4) $1,121,640 shall be distributed by the commissioner to clinical medical education dental innovation grants in accordance with subdivision 7a~~; and~~

~~(5) the remainder of the amount transferred according to section 256B.69, subdivision 5c, clauses (1) to (4), shall be distributed by the commissioner annually to clinical medical education programs that meet the qualifications of subdivision 3 based on the formula in subdivision 4, paragraph (a).~~

Sec. 6. Minnesota Statutes 2010, section 256.01, is amended by adding a subdivision to read:

Subd. 33. **Contingency contract fees.** When the commissioner enters into a contigency-based contract for the purpose of recovering medical assistance or MinnesotaCare funds, the commissioner may retain that portion of the recovered funds equal to the amount of the contingency fee.

Sec. 7. Minnesota Statutes 2010, 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 24 months of the rebased period beginning January 1, 2011, rates shall not be rebased, 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 January 1, 2013, rates shall be rebased at full value~~ Rates must not be rebased to more current data for the first six months of the rebased period beginning January 1, 2013. 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.

Sec. 8. Minnesota Statutes 2010, section 256B.04, subdivision 18, is amended to read:

Subd. 18. **Applications for medical assistance.** (a) The state agency may take applications for medical assistance and conduct eligibility determinations for MinnesotaCare enrollees.

(b) The commissioner of human services shall modify the Minnesota health care programs application form to add a question asking applicants: "Are you a U.S. military veteran?"

Sec. 9. Minnesota Statutes 2010, section 256B.06, subdivision 4, is amended to read:

Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited to citizens of the United States, qualified noncitizens as defined in this subdivision, and other persons residing lawfully in the United States. Citizens or nationals of the United States must cooperate in obtaining satisfactory documentary evidence of citizenship or nationality according to the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171.

(b) "Qualified noncitizen" means a person who meets one of the following immigration criteria:

(1) admitted for lawful permanent residence according to United States Code, title 8;

(2) admitted to the United States as a refugee according to United States Code, title 8, section 1157;

(3) granted asylum according to United States Code, title 8, section 1158;

(4) granted withholding of deportation according to United States Code, title 8, section 1253(h);

(5) paroled for a period of at least one year according to United States Code, title 8, section 1182(d)(5);

(6) granted conditional entrant status according to United States Code, title 8, section 1153(a)(7);

(7) determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;

(8) is a child of a noncitizen determined to be a battered noncitizen by the United States Attorney General according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill, Public Law 104-200; or

(9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public Law 96-422, the Refugee Education Assistance Act of 1980.

(c) All qualified noncitizens who were residing in the United States before August 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation.

(d) ~~All qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation through November 30, 1996.~~

Beginning December 1, 1996, qualified noncitizens who entered the United States on or after August 22, 1996, and who otherwise meet the eligibility requirements of this chapter are eligible for medical assistance with federal participation for five years if they meet one of the following criteria:

(i) refugees admitted to the United States according to United States Code, title 8, section 1157;

(ii) persons granted asylum according to United States Code, title 8, section 1158;

(iii) persons granted withholding of deportation according to United States Code, title 8, section 1253(h);

(iv) veterans of the United States armed forces with an honorable discharge for a reason other than noncitizen status, their spouses and unmarried minor dependent children; or

(v) persons on active duty in the United States armed forces, other than for training, their spouses and unmarried minor dependent children.

~~Beginning December 1, 1996, qualified noncitizens who do not meet one of the criteria in items (i) to (v) are eligible for medical assistance without federal financial participation as described in~~

~~paragraph (j).~~

~~Notwithstanding paragraph (j),~~ Beginning July 1, 2010, children and pregnant women who are noncitizens described in paragraph (b) or ~~(e)~~ who are lawfully in the United States as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet eligibility requirements of this chapter, are eligible for medical assistance with federal financial participation as provided by the federal Children's Health Insurance Program Reauthorization Act of 2009, Public Law 111-3.

~~(e) Noncitizens who are not qualified noncitizens as defined in paragraph (b), who are lawfully present in the United States, as defined in Code of Federal Regulations, title 8, section 103.12, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance under clauses (1) to (3). These individuals must cooperate with the United States Citizenship and Immigration Services to pursue any applicable immigration status, including citizenship, that would qualify them for medical assistance with federal financial participation.~~

~~(1) Persons who were medical assistance recipients on August 22, 1996, are eligible for medical assistance with federal financial participation through December 31, 1996.~~

~~(2) Beginning January 1, 1997, persons described in clause (1) are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(3) Beginning December 1, 1996, persons residing in the United States prior to August 22, 1996, who were not receiving medical assistance and persons who arrived on or after August 22, 1996, are eligible for medical assistance without federal financial participation as described in paragraph (j).~~

~~(f)~~ (e) Nonimmigrants who otherwise meet the eligibility requirements of this chapter are eligible for the benefits as provided in paragraphs ~~(g)~~ (f) to ~~(i)~~ (h). For purposes of this subdivision, a "nonimmigrant" is a person in one of the classes listed in United States Code, title 8, section 1101(a)(15).

~~(g)~~ (f) Payment shall also be made for care and services that are furnished to noncitizens, regardless of immigration status, who otherwise meet the eligibility requirements of this chapter, if such care and services are necessary for the treatment of an emergency medical condition, except for organ transplants and related care and services ~~and~~, routine prenatal care, and treatment related to chronic conditions.

~~(h)~~ (g) For purposes of this subdivision, the term "emergency medical condition" means a medical condition that meets the requirements of United States Code, title 42, section 1396b(v).

~~(i)~~ (h) Beginning July 1, 2009, pregnant noncitizens who are undocumented, nonimmigrants, or lawfully present ~~as designated in paragraph (e) and who~~ in the United States as defined in Code of Federal Regulations, title 8, section 103.12, are not covered by a group health plan or health insurance coverage according to Code of Federal Regulations, title 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter, are eligible for medical assistance through the period of pregnancy, including labor and delivery, and 60 days postpartum, to the extent federal funds are available under title XXI of the Social Security Act, and the state children's health insurance program.

~~(j) Qualified noncitizens as described in paragraph (d), and all other noncitizens lawfully residing in the United States as described in paragraph (e), who are ineligible for medical assistance with federal financial participation and who otherwise meet the eligibility requirements of chapter 256B~~

~~and of this paragraph, are eligible for medical assistance without federal financial participation. Qualified noncitizens as described in paragraph (d) are only eligible for medical assistance without federal financial participation for five years from their date of entry into the United States.~~

~~(k)~~ (j) Beginning October 1, 2003, persons who are receiving care and rehabilitation services from a nonprofit center established to serve victims of torture and are otherwise ineligible for medical assistance under this chapter are eligible for medical assistance without federal financial participation. These individuals are eligible only for the period during which they are receiving services from the center. Individuals eligible under this paragraph shall not be required to participate in prepaid medical assistance.

Sec. 10. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3g. **Chiropractic services.** Chiropractic services are not covered.

Sec. 11. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3h. **Podiatric services.** Podiatric services are not covered.

Sec. 12. Minnesota Statutes 2010, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. **Physical therapy.** (a) Medical assistance covers physical therapy and related services, including specialized maintenance therapy for eligible recipients under 21 years of age.

(b) 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. The amendment to paragraph (a) is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan. The amendment to paragraph (b) is effective March 1, 2012.

Sec. 13. Minnesota Statutes 2010, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. **Occupational therapy.** (a) Medical assistance covers occupational therapy and related services, including specialized maintenance therapy for eligible recipients under 21 years of age.

(b) 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. The amendment to paragraph (a) is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan. The amendment to paragraph (b) is effective March 1, 2012.

Sec. 14. Minnesota Statutes 2010, section 256B.0625, subdivision 8b, is amended to read:

Subd. 8b. **Speech-language pathology and audiology services.** (a) Medical assistance covers speech-language pathology and related services, including specialized maintenance therapy for eligible recipients under 21 years of age.

(b) Authorization by the commissioner is required to provide medically necessary speech-language pathology 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. The amendment to paragraph (a) is effective July 1, 2011, for services provided on a fee-for-service basis, and January 1, 2012, for services provided by a managed care plan or county-based purchasing plan. The amendment to paragraph (b) is effective March 1, 2012.

Sec. 15. Minnesota Statutes 2010, section 256B.0625, subdivision 8c, is amended to read:

Subd. 8c. **Care management; rehabilitation services.** ~~(a) Effective July 1, 1999, onetime thresholds shall replace annual thresholds for provision of rehabilitation services described in subdivisions 8, 8a, and 8b. The onetime thresholds will be the same in amount and description as the thresholds prescribed by the Department of Human Services health care programs provider manual for calendar year 1997, except they will not be renewed annually, and they will include sensory skills and cognitive training skills.~~

~~(b)~~ (a) A care management approach for authorization of rehabilitation services ~~beyond the threshold~~ described in subdivisions 8, 8a, and 8b shall be instituted ~~in conjunction with the onetime thresholds~~. The care management approach shall require the provider and the department rehabilitation reviewer to work together directly through written communication, or telephone communication when appropriate, to establish a medically necessary care management plan. Authorization for rehabilitation services shall include approval for up to ~~12~~ six months of services at a time without additional documentation from the provider during the extended period, when the rehabilitation services are medically necessary due to an ongoing health condition.

~~(c)~~ (b) The commissioner shall implement an expedited five-day turnaround time to review authorization requests for recipients who need emergency rehabilitation services ~~and who have exhausted their onetime threshold limit for those services~~.

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

Sec. 16. Minnesota Statutes 2010, section 256B.0625, subdivision 12, is amended to read:

Subd. 12. **Eyeglasses, dentures, and prosthetic devices.** Medical assistance covers eyeglasses, dentures, and prosthetic devices for eligible recipients under 21 years of age if prescribed by a licensed practitioner.

Sec. 17. Minnesota Statutes 2010, section 256B.0625, subdivision 13e, is amended to read:

Subd. 13e. **Payment rates.** (a) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The amount of payment basis must be reduced to reflect all discount amounts applied to the charge by any provider/insurer agreement or contract for submitted charges to medical assistance programs. The net submitted charge may not be greater than the patient liability for the service. The pharmacy dispensing fee shall be $3.65, except that the dispensing fee for intravenous solutions which must be compounded by the pharmacist shall be $8 per bag, $14 per bag for cancer chemotherapy products, and $30 per bag for total parenteral nutritional products dispensed in one liter quantities, or $44 per bag for total parenteral nutritional products dispensed in quantities greater than one liter. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. Effective ~~July 1, 2009~~ July 1, 2011, the actual acquisition cost of a drug shall be estimated by the commissioner, at ~~average wholesale price minus 15 percent~~ wholesale acquisition cost plus two percent. ~~The actual acquisition cost of antihemophilic factor drugs shall be estimated at the average wholesale price minus 30 percent~~ Wholesale acquisition cost is defined as the manufacturer's list price for a drug or biological to wholesalers or direct purchasers in the United States, not including prompt pay or other discounts, rebates, or reductions in price, for the most recent month for which information is available, as reported in wholesale price guides or other publications of drug or biological pricing data. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act.

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

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

(d) The basis for determining the amount of payment for drugs administered in an outpatient setting shall be the lower of the usual and customary cost submitted by the provider or ~~the amount established for Medicare by the~~ 106 percent of the average sales price as determined by the United States Department of Health and Human Services pursuant to title XVIII, section 1847a of the federal Social Security Act. If the average sales price is unavailable, the amount of payment shall be the lower of the usual and customary cost submitted by the provider or the wholesale acquisition cost.

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

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

Sec. 18. Minnesota Statutes 2010, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. **Transportation costs.** (a) Medical assistance covers medical transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by eligible persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. Medical transportation must be provided by:

(1) an ambulance, as defined in section 144E.001, subdivision 2;

(2) special transportation; or

(3) common carrier including, but not limited to, bus, taxicab, other commercial carrier, or private automobile.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile.

The commissioner may use an order by the recipient's attending physician to certify that the recipient requires special transportation services. Special transportation providers shall perform

driver-assisted services for eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. Special transportation providers must obtain written documentation from the health care service provider who is serving the recipient being transported, identifying the time that the recipient arrived. Special transportation providers may not bill for separate base rates for the continuation of a trip beyond the original destination. Special transportation providers must take recipients to the nearest appropriate health care provider, using the most direct route. The minimum medical assistance reimbursement rates for special transportation services are:

(1) (i) $17 for the base rate and $1.35 per mile for special transportation services to eligible persons who need a wheelchair-accessible van;

(ii) $11.50 for the base rate and $1.30 per mile for special transportation services to eligible persons who do not need a wheelchair-accessible van; and

(iii) $60 for the base rate and $2.40 per mile, and an attendant rate of $9 per trip, for special transportation services to eligible persons who need a stretcher-accessible vehicle;

(2) the base rates for special transportation services in areas defined under RUCA to be super rural shall be equal to the reimbursement rate established in clause (1) plus 11.3 percent; and

(3) for special transportation services in areas defined under RUCA to be rural or super rural areas:

(i) for a trip equal to 17 miles or less, mileage reimbursement shall be equal to 125 percent of the respective mileage rate in clause (1); and

(ii) for a trip between 18 and 50 miles, mileage reimbursement shall be equal to 112.5 percent of the respective mileage rate in clause (1).

(c) For purposes of reimbursement rates for special transportation services under paragraph (b), the zip code of the recipient's place of residence shall determine whether the urban, rural, or super rural reimbursement rate applies.

(d) For purposes of this subdivision, "rural urban commuting area" or "RUCA" means a census-tract based classification system under which a geographical area is determined to be urban, rural, or super rural.

(e) Effective for services provided on or after July 1, 2011, nonemergency transportation rates, including special transportation, taxi, and other commercial carriers, are reduced 4.5 percent. Payments made to managed care plans and county-based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

Sec. 19. Minnesota Statutes 2010, section 256B.0625, subdivision 17a, is amended to read:

Subd. 17a. **Payment for ambulance services.** (a) Medical assistance covers ambulance services. Providers shall bill ambulance services according to Medicare criteria. Nonemergency ambulance services shall not be paid as emergencies. Effective for services rendered on or after July 1, 2001, medical assistance payments for ambulance services shall be paid at the Medicare reimbursement

rate or at the medical assistance payment rate in effect on July 1, 2000, whichever is greater.

(b) Effective for services provided on or after July 1, 2011, ambulance services payment rates are reduced 4.5 percent. Payments made to managed care plans and county-based purchasing plans must be reduced for services provided on or after January 1, 2012, to reflect this reduction.

Sec. 20. Minnesota Statutes 2010, section 256B.0625, subdivision 18, is amended to read:

Subd. 18. **Bus or taxicab transportation.** To the extent authorized by rule of the state agency, medical assistance covers ~~costs of~~ the most appropriate and cost-effective form of transportation incurred by any ambulatory eligible person for obtaining nonemergency medical care.

Sec. 21. Minnesota Statutes 2010, section 256B.0625, subdivision 25, is amended to read:

Subd. 25. **Prior authorization required.** (a) The commissioner shall publish in the Minnesota health care programs provider manual and on the department's Web site a list of health services that require prior authorization, as well as the criteria and standards used to select health services on the list. The list and the criteria and standards used to formulate it are not subject to the requirements of sections 14.001 to 14.69. The commissioner's decision whether prior authorization is required for a health service is not subject to administrative appeal.

(b) The commissioner shall implement a modernized electronic system for providers to request prior authorization. The modernization electronic system must include at least the following functionalities:

(1) authorizations are recipient-centric, not provider-centric;

(2) adequate flexibility to support authorizations for an episode of care, continuous drug therapy, or for individual onetime services and allows an ordering and a rendering provider to both submit information into one request;

(3) allows providers to review previous authorization requests and determine where a submitted request is within the authorization process;

(4) supports automated workflows that allow providers to securely submit medical information that can be accessed by medical and pharmacy review vendors as well as department staff; and

(5) supports development of automated clinical algorithms that can verify information and provide responses in real time.

(c) The system described in paragraph (b) shall be completed by March 1, 2012. All authorization requests submitted on and after March 1, 2012, must be submitted electronically by providers, except requests for drugs dispensed by an outpatient pharmacy, services that are provided outside of the state and surrounding local trade area, and services included on a service agreement.

Sec. 22. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 25b. **Authorization with third-party liability.** (a) Except as otherwise allowed under this subdivision or required under federal or state regulations, the commissioner must not consider a request for authorization of a service when the recipient has coverage from a third-party payer unless the provider requesting authorization has made a good faith effort to receive payment or

authorization from the third-party payer. A good faith effort is established by supplying with the authorization request to the commissioner the following:

(1) a determination of payment for the service from the third-party payer, a determination of authorization for the service from the third-party payer, or a verification of noncoverage of the service by the third-party payer; and

(2) the information or records required by the department to document the reason for the determination or to validate noncoverage from the third-party payer.

(b) A provider requesting authorization for services covered by Medicare is not required to bill Medicare before requesting authorization from the commissioner if the provider has reason to believe that a service covered by Medicare is not eligible for payment. The provider must document that, because of recent claim experiences with Medicare or because of written communication from Medicare, coverage is not available for the service.

(c) Authorization is not required if a third-party payer has made payment that is equal to or greater than 60 percent of the maximum payment amount for the service allowed under medical assistance.

Sec. 23. Minnesota Statutes 2010, section 256B.0625, subdivision 31a, is amended to read:

Subd. 31a. **Augmentative and alternative communication systems.** (a) Medical assistance covers augmentative and alternative communication systems consisting of electronic or nonelectronic devices and the related components necessary to enable a person with severe expressive communication limitations to produce or transmit messages or symbols in a manner that compensates for that disability.

(b) ~~Until the volume of systems purchased increases to allow a discount price, the commissioner shall reimburse augmentative and alternative communication manufacturers and vendors at the manufacturer's suggested retail price for augmentative and alternative communication systems and related components. The commissioner shall separately reimburse providers for purchasing and integrating individual communication systems which are unavailable as a package from an augmentative and alternative communication vendor.~~ Augmentative and alternative communication systems must be paid the lower of the:

(1) submitted charge; or

(2)(i) manufacturer's suggested retail price minus 20 percent for providers that are manufacturers of augmentative and alternative communication systems; or

(ii) manufacturer's invoice charge plus 20 percent for providers that are not manufacturers of augmentative and alternative communication systems.

(c) Reimbursement rates established by this purchasing program are not subject to Minnesota Rules, part 9505.0445, item S or T.

Sec. 24. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 55. **Payment for noncovered services.** (a) Except when specifically prohibited by the commissioner or federal law, a provider may seek payment from the recipient for services not

eligible for payment under the medical assistance program when the provider, prior to delivering the service, reviews and considers all other available covered alternatives with the recipient and obtains a signed acknowledgment from the recipient of the potential of the recipient's liability. The signed acknowledgment must be in a form approved by the commissioner.

(b) Conditions under which a provider must not request payment from the recipient include, but are not limited to:

(1) a service that requires prior authorization, unless authorization has been denied as not medically necessary and all other therapeutic alternatives have been reviewed;

(2) a service for which payment has been denied for reasons relating to billing requirements;

(3) standard shipping or delivery and setup of medical equipment or medical supplies;

(4) services that are included in the recipient's long term care per diem;

(5) the recipient is enrolled in the Restricted Recipient Program and the provider is one of a provider type designated for the recipient's health care services; and

(6) the noncovered service is a prescriptive drug identified by the commissioner as having the potential for abuse and overuse, except where payment by the recipient is specifically approved by the commissioner on the date of service based upon compelling evidence supplied by the prescribing provider that establishes medical necessity for that particular drug.

(c) The payment requested from recipients for noncovered services under this subdivision must not exceed the provider's usual and customary charge for the actual service received by the recipient. A recipient must not be billed for the difference between what medical assistance paid for the service or would pay for a less costly alternative service.

Sec. 25. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 56. **Evidence-based childbirth program.** (a) The commissioner shall implement a program to reduce the number of elective inductions of labor prior to 39 weeks' gestation. In this subdivision, the term "elective induction of labor" means the use of artificial means to stimulate labor in a woman without the presence of a medical condition affecting the woman or the child that makes the onset of labor a medical necessity. The program must promote the implementation of policies within hospitals providing services to recipients of medical assistance or MinnesotaCare that prohibit the use of elective inductions prior to 39 weeks' gestation, and adherence to such policies by the attending providers.

(b) For all births covered by medical assistance or MinnesotaCare on or after January 1, 2012, a payment for professional services associated with the delivery of a child in a hospital must not be made unless the provider has submitted information about the nature of the labor and delivery including any induction of labor that was performed in conjunction with that specific birth. The information must be on a form prescribed by the commissioner.

(c) The requirements in paragraph (b) must not apply to deliveries performed at a hospital that has policies and processes in place that have been approved by the commissioner which prohibit elective inductions prior to 39 weeks gestation. A process for review of hospital induction policies

must be established by the commissioner and review of policies must occur at the discretion of the commissioner. The commissioner's decision to approve or rescind approval must include verification and review of items including, but not limited to:

(1) policies that prohibit use of elective inductions for gestation less than 39 weeks;

(2) policies that encourage providers to document and communicate with patients a final expected date of delivery by 20 weeks' gestation that includes data from ultrasound measurements as applicable;

(3) policies that encourage patient education regarding elective inductions, and requires documentation of the processes used to educate patients;

(4) ongoing quality improvement review as determined by the commissioner; and

(5) any data that has been collected by the commissioner.

(d) All hospitals must report annually to the commissioner induction information for all births that were covered by medical assistance or MinnesotaCare in a format and manner to be established by the commissioner.

(e) The commissioner at any time may choose not to implement or may discontinue any or all aspects of the program if the commissioner is able to determine that hospitals representing at least 90 percent of births covered by medical assistance or MinnesotaCare have approved policies in place.

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

Sec. 26. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 57. **Payment for Part B Medicare crossover claims.** Effective for services provided on or after January 1, 2012, medical assistance payment for an enrollee's cost sharing associated with Medicare Part B is limited to an amount up to the medical assistance total allowed, when the medical assistance rate exceeds the amount paid by Medicare.

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

Sec. 27. Minnesota Statutes 2010, section 256B.0625, is amended by adding a subdivision to read:

Subd. 58. **Early and periodic screening, diagnosis, and treatment services.** Medical assistance covers early and periodic screening, diagnosis, and treatment services (EPSDT). The payment amount for a complete EPSDT screening shall not exceed the rate established per Minnesota Rules, part 9505.0445, item M, effective October 1, 2010.

Sec. 28. Minnesota Statutes 2010, section 256B.0651, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of sections 256B.0651 to 256B.0656 and 256B.0659, the terms in paragraphs (b) to (g) have the meanings given.

(b) "Activities of daily living" has the meaning given in section 256B.0659, subdivision 1, paragraph (b).

(c) "Assessment" means a review and evaluation of a recipient's need for home care services conducted in person.

(d) "Home care services" means medical assistance covered services that are home health agency services, including skilled nurse visits; home health aide visits; ~~physical therapy, occupational therapy, respiratory therapy, and language-speech pathology therapy;~~ private duty nursing; and personal care assistance.

(e) "Home residence," effective January 1, 2010, means a residence owned or rented by the recipient either alone, with roommates of the recipient's choosing, or with an unpaid responsible party or legal representative; or a family foster home where the license holder lives with the recipient and is not paid to provide home care services for the recipient except as allowed under sections 256B.0652, subdivision 10, and 256B.0654, subdivision 4.

(f) "Medically necessary" has the meaning given in Minnesota Rules, parts 9505.0170 to 9505.0475.

(g) "Ventilator-dependent" means an individual who receives mechanical ventilation for life support at least six hours per day and is expected to be or has been dependent on a ventilator for at least 30 consecutive days.

Sec. 29. Minnesota Statutes 2010, section 256B.0653, subdivision 2, is amended to read:

Subd. 2. **Definitions.** For the purposes of this section, the following terms have the meanings given.

(a) "Assessment" means an evaluation of the recipient's medical need for home health agency services by a registered nurse or appropriate therapist that is conducted within 30 days of a request.

(b~~) "Home care therapies" means occupational, physical, and respiratory therapy and speech-language pathology services provided in the home by a Medicare-certified home health agency.~~

~~(c)~~ "Home health agency services" means services delivered in the recipient's home residence, except as specified in section 256B.0625, by a home health agency to a recipient with medical needs due to illness, disability, or physical conditions.

~~(d)~~ (c) "Home health aide" means an employee of a home health agency who completes medically oriented tasks written in the plan of care for a recipient.

~~(e)~~ (d) "Home health agency" means a home care provider agency that is Medicare-certified.

~~(f) "Occupational therapy services" mean the services defined in Minnesota Rules, part 9505.0390.~~

~~(g) "Physical therapy services" mean the services defined in Minnesota Rules, part 9505.0390.~~

~~(h) "Respiratory therapy services" mean the services defined in chapter 147C and Minnesota Rules, part 4668.0003, subpart 37.~~

~~(i) "Speech-language pathology services" mean the services defined in Minnesota Rules, part 9505.0390.~~

~~(j)~~ (e) "Skilled nurse visit" means a professional nursing visit to complete nursing tasks required due to a recipient's medical condition that can only be safely provided by a professional nurse to restore and maintain optimal health.

~~(k)~~ (f) "Store-and-forward technology" means telehomecare services that do not occur in real time via synchronous transmissions such as diabetic and vital sign monitoring.

~~(l)~~ (g) "Telehomecare" means the use of telecommunications technology via live, two-way interactive audiovisual technology which may be augmented by store-and-forward technology.

~~(m)~~ (h) "Telehomecare skilled nurse visit" means a visit by a professional nurse to deliver a skilled nurse visit to a recipient located at a site other than the site where the nurse is located and is used in combination with face-to-face skilled nurse visits to adequately meet the recipient's needs.

Sec. 30. Minnesota Statutes 2010, section 256B.0653, subdivision 6, is amended to read:

Subd. 6. **Noncovered home health agency services.** The following are not eligible for payment under medical assistance as a home health agency service:

(1) telehomecare skilled nurses services that is communication between the home care nurse and recipient that consists solely of a telephone conversation, facsimile, electronic mail, or a consultation between two health care practitioners;

(2) the following skilled nurse visits:

(i) for the purpose of monitoring medication compliance with an established medication program for a recipient;

(ii) administering or assisting with medication administration, including injections, prefilling syringes for injections, or oral medication setup of an adult recipient, when, as determined and documented by the registered nurse, the need can be met by an available pharmacy or the recipient or a family member is physically and mentally able to self-administer or prefill a medication;

(iii) services done for the sole purpose of supervision of the home health aide or personal care assistant;

(iv) services done for the sole purpose to train other home health agency workers;

(v) services done for the sole purpose of blood samples or lab draw when the recipient is able to access these services outside the home; and

(vi) Medicare evaluation or administrative nursing visits required by Medicare;

(3) home health aide visits when the following activities are the sole purpose for the visit: companionship, socialization, household tasks, transportation, and education; and

(4) home care therapies ~~provided in other settings such as a clinic, day program, or as an inpatient or when the recipient can access therapy outside of the recipient's residence~~.

Sec. 31. Minnesota Statutes 2010, section 256B.69, subdivision 4, is amended to read:

Subd. 4. **Limitation of choice.** (a) The commissioner shall develop criteria to determine when limitation of choice may be implemented in the experimental counties. The criteria shall ensure that

all eligible individuals in the county have continuing access to the full range of medical assistance services as specified in subdivision 6.

(b) The commissioner shall exempt the following persons from participation in the project, in addition to those who do not meet the criteria for limitation of choice:

(1) persons eligible for medical assistance according to section 256B.055, subdivision 1;

(2) ~~persons eligible for medical assistance due to blindness or disability as determined by the Social Security Administration or the state medical review team, unless:~~

~~(i) they are 65 years of age or older; or~~

~~(ii) they reside in Itasca County or they reside in a county in which the commissioner conducts a pilot project under a waiver granted pursuant to section 1115 of the Social Security Act;~~

~~(3)~~ recipients who currently have private coverage through a health maintenance organization;

~~(4)~~ (3) recipients who are eligible for medical assistance by spending down excess income for medical expenses other than the nursing facility per diem expense;

~~(5)~~ (4) recipients who receive benefits under the Refugee Assistance Program, established under United States Code, title 8, section 1522(e);

~~(6)~~ (5) children who are both determined to be severely emotionally disturbed and receiving case management services according to section 256B.0625, subdivision 20, except children who are eligible for and who decline enrollment in an approved preferred integrated network under section 245.4682;

~~(7)~~ (6) adults who are both determined to be seriously and persistently mentally ill and received case management services according to section 256B.0625, subdivision 20;

~~(8)~~ (7) persons eligible for medical assistance according to section 256B.057, subdivision 10; and

~~(9)~~ (8) persons with access to cost-effective employer-sponsored private health insurance or persons enrolled in a non-Medicare individual health plan determined to be cost-effective according to section 256B.0625, subdivision 15.

Children under age 21 who are in foster placement may enroll in the project on an elective basis. Individuals excluded under clauses (1), ~~(6)~~ (5), and ~~(7)~~ (6) may choose to enroll on an elective basis. The commissioner may enroll recipients in the prepaid medical assistance program for seniors who are (1) age 65 and over, and (2) eligible for medical assistance by spending down excess income.

(c) The commissioner may allow persons with a one-month spenddown who are otherwise eligible to enroll to voluntarily enroll or remain enrolled, if they elect to prepay their monthly spenddown to the state.

(d) The commissioner may require those individuals to enroll in the prepaid medical assistance program who otherwise would have been excluded under paragraph (b), clauses (1), ~~(3)~~ (2), and ~~(8)~~ (7), and under Minnesota Rules, part 9500.1452, subpart 2, items H, K, and L.

(e) Before limitation of choice is implemented, eligible individuals shall be notified and after

notification, shall be allowed to choose only among demonstration providers. The commissioner may assign an individual with private coverage through a health maintenance organization, to the same health maintenance organization for medical assistance coverage, if the health maintenance organization is under contract for medical assistance in the individual's county of residence. After initially choosing a provider, the recipient is allowed to change that choice only at specified times as allowed by the commissioner. If a demonstration provider ends participation in the project for any reason, a recipient enrolled with that provider must select a new provider but may change providers without cause once more within the first 60 days after enrollment with the second provider.

(f) An infant born to a woman who is eligible for and receiving medical assistance and who is enrolled in the prepaid medical assistance program shall be retroactively enrolled to the month of birth in the same managed care plan as the mother once the child is enrolled in medical assistance unless the child is determined to be excluded from enrollment in a prepaid plan under this section.

(g) The commissioner shall enroll persons eligible for medical assistance due to blindness or disability as determined by the Social Security Administration or the state medical review team in the prepaid medical assistance program, unless the person elects to opt out. This opt-out option does not apply to persons who would otherwise be eligible but who are (1) 65 years of age or older; or (2) reside in Itasca County or reside in a county in which the commissioner conducts a pilot under a waiver granted pursuant to section 1115 of the Social Security Act.

Sec. 32. Minnesota Statutes 2010, section 256B.69, subdivision 5a, is amended to read:

Subd. 5a. **Managed care contracts.** (a) Managed care contracts under this section and section 256L.12 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 and 256L is responsible for complying with the terms of its contract with the commissioner. Requirements applicable to managed care programs under chapters 256B 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 payments under section 256B.692 for the prepaid medical assistance program 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 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.

(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 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, 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.

(h) Effective for services rendered on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (c) a reduction in the plan's hospitalization rates or subsequent hospitalizations within 30 days of a previous hospitalization of a patient regardless of the reason for the hospitalization 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 or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the hospitalization rate was achieved.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for state health care program enrollees is reduced by 25 percent of the plan's subsequent hospitalization rate for state health care program enrollees for calendar year 2010. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must 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.

(i) Effective for services rendered on or after January 1, 2011, through December 31, 2011, 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, 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.

~~(j)~~ (k) 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.

~~(k)~~ (l) 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 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.

~~(l)~~ (m) 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.

~~(m)~~ (n) 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.

~~(n)~~ (o) The return of the withhold under paragraphs (d), (f), and ~~(h)~~ (k) to ~~(k)~~ (j) is not subject to the requirements of paragraph (c).

Sec. 33. **[256B.695] HEALTHY MINNESOTA CONTRIBUTION PROGRAM.**

Subdivision 1. **Defined contributions to enrollees.** (a) Beginning January 1, 2012, the commissioner shall provide each medical assistance enrollee eligible under section 256B.055, subdivisions 3, 3a, 4, 9, and 10b, with family income greater than 75 percent of the federal poverty guidelines as determined under section 256B.056, with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3, offered by a health plan company as defined in section 62Q.01, subdivision 4.

(b) Enrollees eligible under paragraph (a) are exempt from the managed care enrollment requirement of sections 256B.69 and 256B.692.

(c) Section 256B.0625 does not apply to enrollees eligible under paragraph (a). Covered services, cost sharing, and disenrollment for nonpayment of premium for enrollees eligible under paragraph (a) shall be as provided under the terms of the health plan purchased by the enrollee. A health plan purchased by an eligible enrollee under this section shall be considered a prepaid health plan for purposes of section 256.045.

(d) Unless otherwise provided in this section, all medical assistance requirements related to eligibility, income and asset methodology, income reporting, and program administration, continue to apply to enrollees obtaining coverage under this section. Section 256B.056, subdivision 7, shall apply to enrollees eligible under this section.

Subd. 2. **Use of defined contribution.** An enrollee may use up to the monthly defined contribution to pay premiums for coverage under a health plan as defined in section 62A.011, subdivision 3.

Subd. 3. **Determination of defined contribution amount.** (a) The commissioner shall determine the defined contribution sliding scale using the base contribution specified in paragraph (b) for the specified age ranges. The commissioner shall use a sliding scale for defined contributions that provides:

(1) persons with household incomes greater than 75 percent of the federal poverty guidelines to 133 percent of the federal poverty guidelines with a defined contribution of 110 percent of the base contribution;

(2) persons with household incomes equal to 175 percent of the federal poverty guidelines with a defined contribution of 100 percent of the base contribution;

(3) persons with household incomes equal to or greater than 250 percent of the federal poverty guidelines with a defined contribution of 80 percent of the base contribution; and

(4) persons with household incomes in evenly spaced increments between the percentages of the federal poverty guidelines specified in clauses (1) to (3) with a base contribution that is a percentage interpolated from the defined contribution percentages specified in clauses (1) to (3).

Age	Monthly Per-Person Base Contribution
Under 21	$122.79
21-29	122.79

30-31	129.19
32-33	132.38
34-35	134.31
36-37	136.06
38-39	141.02
40-41	151.25
42-43	159.89
44-45	175.08
46-47	191.71
48-49	213.13
50-51	239.51
52-53	266.69
54-55	293.88
56-57	323.77
58-59	341.20
60+	357.19

(b) The commissioner shall multiply the defined contribution amounts developed under paragraph (a) by 1.20 for enrollees who are denied coverage under an individual health plan by a health plan company and who purchase coverage through the Minnesota Comprehensive Health Association.

(c) Notwithstanding paragraphs (a) and (b), the monthly defined contribution shall not exceed 90 percent of the monthly premium for the health plan purchased by the enrollee. If the enrollee purchases coverage under a health plan that does not include mental health services and chemical dependency treatment services, the monthly defined contribution amount determined under this subdivision shall be reduced by five percent.

Subd. 4. **Administration by commissioner.** The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay the defined contribution amount to health plan companies or the Minnesota Comprehensive Health Association, as applicable, for enrollee health plan coverage.

Subd. 5. **Assistance to enrollees.** The commissioner of human services, in consultation with the commissioner of commerce, shall develop an efficient and cost-effective method of referring eligible applicants to professional insurance agent associations.

Subd. 6. **Minnesota Comprehensive Health Association (MCHA).** Beginning January 1, 2012, medical assistance enrollees who are denied coverage under an individual health plan by a health plan company are eligible for coverage through a health plan offered by the Minnesota

Comprehensive Health Association and may enroll in MCHA in accordance with section 62E.14. Any difference between the revenue and covered losses to the MCHA related to implementation of this section shall be paid to the MCHA from the health care access fund.

Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement coverage under this section for medical assistance enrollees eligible under subdivision 1 and to continue to receive federal matching funds.

Sec. 34. Minnesota Statutes 2010, 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 managed care plans and county-based purchasing plans in amounts sufficient to reflect increased reimbursements to critical access dental providers as approved by the commissioner.

(b) The commissioner shall designate the following dentists and dental clinics as critical access dental providers:

(1) nonprofit community clinics that:

(i) have nonprofit status in accordance with chapter 317A;

(ii) have tax exempt status in accordance with the Internal Revenue Code, section 501(c)(3);

(iii) are established to provide oral health services to patients who are low income, uninsured, have special needs, and are underserved;

(iv) have professional staff familiar with the cultural background of the clinic's patients;

(v) charge for services on a sliding fee scale designed to provide assistance to low-income patients based on current poverty income guidelines and family size;

(vi) do not restrict access or services because of a patient's financial limitations or public assistance status; and

(vii) have free care available as needed;

(2) federally qualified health centers, rural health clinics, and public health clinics;

(3) 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~~ owned and operated by the University of Minnesota or ~~an institution within~~ the Minnesota State Colleges and Universities system.

(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.

(d) 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 July 1, 2011.

Sec. 35. **[256B.841] WAIVER APPLICATION AND PROCESS.**

Subdivision 1. **Intent.** It is the intent of the legislature that medical assistance be:

(1) a sustainable, cost-effective, person-centered, and opportunity-driven program utilizing competitive and value-based purchasing to maximize available service options; and

(2) a results-oriented system of coordinated care that focuses on independence and choice, promotes accountability and transparency, encourages and rewards healthy outcomes and responsible choices, and promotes efficiency.

Subd. 2. **Waiver application.** (a) The commissioner of human services shall apply for a waiver and any necessary state plan amendments from the secretary of the United States Department of Health and Human Services, including, but not limited to, a waiver of the appropriate sections of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq. and a waiver of maintenance of effort provisions in section 2001 of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Reconciliation Act of 2010, Public Law 111-152, that provide program flexibility and under which Minnesota will operate all facets of the state's medical assistance program.

(b) The commissioner of human services shall provide the legislative committees with jurisdiction over health and human services finance and policy with the waiver application and financial and other related materials, at least ten days prior to submitting the application and materials to the federal Centers for Medicare and Medicaid Services.

(c) If the state's waiver application is approved, the commissioner of human services shall:

(1) notify the chairs of the legislative committees with jurisdiction over health and human services finance and policy and allow the legislative committees with jurisdiction over health and human services finance and policy to review the terms of the waiver; and

(2) not implement the waiver until ten legislative days have passed following notification of the chairs.

Subd. 3. **Rulemaking; legislative proposals.** Upon acceptance of the terms of the waiver, the commissioner of human services shall:

(1) adopt rules to implement the waiver; and

(2) propose any legislative changes necessary to implement the terms of the waiver.

Subd. 4. **Joint commission on waiver implementation.** (a) After acceptance of the terms of the

waiver, the governor shall establish a joint commission on waiver implementation. The commission shall consist of eight members; four of whom shall be members of the senate, not more than three from the same political party, to be appointed by the Subcommittee on Committees of the senate Committee on Rules and Administration, and four of whom shall be members of the house of representatives, not more than three from the same political party, to be appointed by the speaker of the house.

(b) The commission shall:

(1) oversee implementation of the waiver;

(2) confer as necessary with state agency commissioners;

(3) make recommendations on services covered under the medical assistance program;

(4) monitor and make recommendations on quality and access to care under the global waiver; and

(5) make recommendations for the efficient and cost-effective administration of the medical assistance program under the terms of the waiver.

Sec. 36. **[256B.842] PRINCIPLES AND GOALS FOR MEDICAL ASSISTANCE REFORM.**

Subdivision 1. **Goals for reform.** In developing the waiver application and implementing the waiver, the commissioner of human services shall ensure that the reformed medical assistance program is a person-centered, financially sustainable, and cost-effective program.

Subd. 2. **Reformed medical assistance criteria.** The reformed medical assistance program established through the waiver must:

(1) empower consumers to make informed and cost-effective choices about their health and offer consumers rewards for healthy decisions;

(2) ensure adequate access to needed services;

(3) enable consumers to receive individualized health care that is outcome-oriented and focused on prevention, disease management, recovery, and maintaining independence;

(4) promote competition between health care providers to ensure best value purchasing, leverage resources, and to create opportunities for improving service quality and performance;

(5) redesign purchasing and payment methods and encourage and reward high-quality and cost-effective care by incorporating and expanding upon current payment reform and quality of care initiatives, including, but not limited to, those initiatives authorized under chapter 62U; and

(6) continually improve technology to take advantage of recent innovations and advances that help decision makers, consumers, and providers make informed and cost-effective decisions regarding health care.

Subd. 3. **Annual report.** The commissioner of human services shall annually submit a report to the governor and the legislature, beginning December 1, 2012, and each December 1 thereafter, describing the status of the administration and implementation of the waiver.

Sec. 37. **[256B.843] WAIVER APPLICATION REQUIREMENTS.**

Subdivision 1. **Requirements for waiver request.** The commissioner shall seek federal approval to:

(1) enter into a five-year agreement with the United States Department of Health and Human Services and Centers for Medicaid and Medicare Services (CMS) under section 1115a to waive provisions of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq., requiring:

(i) state-wideness to allow for the provision of different services in different areas or regions of the state;

(ii) comparability of services to allow for the provision of different services to members of the same or different coverage groups;

(iii) no prohibitions restricting the amount, duration, and scope of services included in the medical assistance state plan;

(iv) no prohibitions limiting freedom of choice of providers; and

(v) retroactive payment for medical assistance, at the state's discretion;

(2) waive the applicable provisions of title XIX of the federal Social Security Act, United States Code, title 42, section 1396 et seq., in order to:

(i) expand cost sharing requirements above the five percent of income threshold for beneficiaries in certain populations;

(ii) establish health savings or power accounts that encourage and reward beneficiaries who reach certain prevention and wellness targets; and

(iii) implement a tiered set of parameters to use as the basis for determining long-term service care and setting needs;

(3) modify income and resource rules in a manner consistent with the goals of the reformed program;

(4) provide enrollees with a choice of appropriate private sector health coverage options, with full federal financial participation;

(5) treat payments made toward the cost of care as a monthly premium for beneficiaries receiving home and community-based services when applicable;

(6) provide health coverage and services to individuals over the age of 65 that are limited in scope and are available only in the home and community-based setting;

(7) consolidate all home and community-based services currently provided under title XIX of the federal Social Security Act, United States Code, title 42, section 1915(c), into a single program of home and community-based services that include options for consumer direction and shared living;

(8) expand disease management, care coordination, and wellness programs for all medical assistance recipients; and

(9) empower and encourage able-bodied medical assistance recipients to work, whenever possible.

Subd. 2. **Agency coordination.** The commissioner shall establish an intra-agency assessment and coordination unit to ensure that decision making and program planning for recipients who may need long-term care, residential placement, and community support services are coordinated. The assessment and coordination unit shall determine level of care, develop service plans and a service budget, make referrals to appropriate settings, provide education and choice counseling to consumers and providers, track utilization, and monitor outcomes.

Sec. 38. Minnesota Statutes 2010, section 256D.031, subdivision 6, is amended to read:

Subd. 6. **Coordinated care delivery systems.** (a) Effective ~~June 1, 2010~~ July 1, 2011, the commissioner shall contract with hospitals or groups of hospitals that qualify under paragraph (b) and agree to deliver services according to this subdivision. Contracting hospitals shall develop and implement a coordinated care delivery system to provide health care services to individuals who are eligible for general assistance medical care under this section and who either choose to receive services through the coordinated care delivery system or who are enrolled by the commissioner under paragraph (c). The health care services provided by the system must include: (1) the services described in subdivision 4 with the exception of outpatient prescription drug coverage but shall include drugs administered in a clinic or other outpatient setting; or (2) a set of comprehensive and medically necessary health services that the recipients might reasonably require to be maintained in good health and that has been approved by the commissioner, including at a minimum, but not limited to, emergency care, medical transportation services, inpatient hospital and physician care, outpatient health services, preventive health services, mental health services, and prescription drugs administered in a clinic or other outpatient setting. Outpatient prescription drug coverage is covered on a fee-for-service basis in accordance with section 256D.03, subdivision 3, and funded under subdivision 9. A hospital establishing a coordinated care delivery system under this subdivision must ensure that the requirements of this subdivision are met.

(b) A hospital or group of hospitals may contract with the commissioner to develop and implement a coordinated care delivery system ~~as follows:~~ if the hospital or group of hospitals agrees to satisfy the requirements of this subdivision.

~~(1) effective June 1, 2010, a hospital qualifies under this subdivision if: (i) during calendar year 2008, it received fee-for-service payments for services to general assistance medical care recipients (A) equal to or greater than $1,500,000, or (B) equal to or greater than 1.3 percent of net patient revenue; or (ii) a contract with the hospital is necessary to provide geographic access or to ensure that at least 80 percent of enrollees have access to a coordinated care delivery system; and~~

~~(2) effective December 1, 2010, a Minnesota hospital not qualified under clause (1) may contract with the commissioner under this subdivision if it agrees to satisfy the requirements of this subdivision.~~

Participation by hospitals shall become effective quarterly on ~~June 1,~~ September 1, December 1, ~~or~~ March 1, or June 1. Hospital participation is effective for a period of 12 months and may be renewed for successive 12-month periods.

(c) Applicants and recipients may enroll in any available coordinated care delivery system statewide. If more than one coordinated care delivery system is available, the applicant or recipient

shall be allowed to choose among the systems. The commissioner may assign an applicant or recipient to a coordinated care delivery system if no choice is made by the applicant or recipient or under paragraph (k). The commissioner shall consider a recipient's zip code, city of residence, county of residence, or distance from a participating coordinated care delivery system when determining default assignment. An applicant or recipient may decline enrollment in a coordinated care delivery system but services are only available through a coordinated care delivery system. Upon enrollment into a coordinated care delivery system, the recipient must agree to receive all nonemergency services through the coordinated care delivery system. Enrollment in a coordinated care delivery system is for six months and may be renewed for additional six-month periods, except that initial enrollment is for six months or until the end of a recipient's period of general assistance medical care eligibility, whichever occurs first. ~~A recipient who continues to meet the eligibility requirements of this section is not eligible to enroll in MinnesotaCare during a period of enrollment in a coordinated care delivery system. From June 1, 2010, to February 28, 2011, applicants and recipients not enrolled in a coordinated care delivery system may seek services from a hospital eligible for reimbursement under the temporary uncompensated care pool established under subdivision 8. After February 28, 2011, services are available only through a coordinated care delivery system.~~

(d) The hospital may contract and coordinate with providers and clinics for the delivery of services and shall contract with essential community providers as defined under section 62Q.19, subdivision 1, paragraph (a), clauses (1) and (2), to the extent practicable. If a provider or clinic contracts with a hospital to provide services through the coordinated care delivery system, the provider may not refuse to provide services to any recipient enrolled in the system, and payment for services shall be negotiated with the hospital and paid by the hospital from the system's allocation under subdivision 7.

(e) A coordinated care delivery system must:

(1) provide the covered services required under paragraph (a) to recipients enrolled in the coordinated care delivery system, and comply with the requirements of subdivision 4, paragraphs (b) to (g);

(2) establish a process to monitor enrollment and ensure the quality of care provided;

(3) in cooperation with counties, coordinate the delivery of health care services with existing homeless prevention, supportive housing, and rent subsidy programs and funding administered by the Minnesota Housing Finance Agency under chapter 462A; and

(4) 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.

(f) The hospital may require a recipient to designate a primary care provider or a primary care clinic. The hospital may limit the delivery of services to a network of providers who have contracted with the hospital to deliver services in accordance with this subdivision, and require a recipient to seek services only within this network. The hospital may also require a referral to a provider before the service is eligible for payment. A coordinated care delivery system is not required to provide payment to a provider who is not employed by or under contract with the system for services provided to a recipient enrolled in the system, except in cases of an emergency. For purposes of this section, emergency services are defined in accordance with Code of Federal Regulations, title 42,

section 438.114 (a).

(g) A recipient enrolled in a coordinated care delivery system has the right to appeal to the commissioner according to section 256.045.

(h) The state shall not be liable for the payment of any cost or obligation incurred by the coordinated care delivery system.

(i) The hospital must provide the commissioner with data necessary for assessing enrollment, quality of care, cost, and utilization of services. Each hospital must provide, on a quarterly basis on a form prescribed by the commissioner for each recipient served by the coordinated care delivery system, the services provided, the cost of services provided, and the actual payment amount for the services provided and any other information the commissioner deems necessary to claim federal Medicaid match. The commissioner must provide this data to the legislature on a quarterly basis.

(j) ~~Effective June 1, 2010,~~ The provisions of section 256.9695, subdivision 2, paragraph (b), do not apply to general assistance medical care provided under this section.

(k) Notwithstanding any other provision in this section to the contrary, ~~for participation beginning September 1, 2010,~~ the commissioner ~~shall offer the same contract terms related to~~ may implement an enrollment threshold formula and financial liability protections to a hospital or group of hospitals qualified under this subdivision to develop and implement a coordinated care delivery system ~~as those contained in the coordinated care delivery system contracts effective June 1, 2010~~.

~~(l) If sections 256B.055, subdivision 15, and 256B.056, subdivisions 3 and 4, are implemented effective July 1, 2010, this subdivision must not be implemented.~~

Sec. 39. Minnesota Statutes 2010, section 256D.031, subdivision 7, is amended to read:

Subd. 7. **Payments; rate setting for the hospital coordinated care delivery system.** (a) Effective for general assistance medical care services, with the exception of outpatient prescription drug coverage, provided ~~on or after June 1, 2010,~~ through a coordinated care delivery system, the commissioner shall allocate the annual appropriation for the coordinated care delivery system to hospitals participating under subdivision 6 in quarterly payments, beginning on the first scheduled warrant on or after ~~June 1, 2010~~ September 1, 2011. The payment shall be allocated among all hospitals qualified to participate on the allocation date as follows:

(1) each hospital or group of hospitals shall be allocated an initial amount based on the hospital's or group of hospitals' pro rata share of calendar year ~~2008~~ 2009 payments for general assistance medical care services to all participating hospitals;

(2) the initial allocations to Hennepin County Medical Center; Regions Hospital; Saint Mary's Medical Center; and the University of Minnesota Medical Center, Fairview, shall be increased to 110 percent of the value determined in clause (1);

(3) the initial allocation to hospitals not listed in clause (2) shall be reduced a pro rata amount in order to keep the allocations within the limit of available appropriations; and

(4) the amounts determined under clauses (1) to (3) shall be allocated to participating hospitals.

The commissioner may prospectively reallocate payments to participating hospitals on a biannual basis to ensure that final allocations reflect actual coordinated care delivery system enrollment. The

~~2008~~ 2009 base year shall be updated by one calendar year each June 1, beginning June 1, ~~2011~~ 2012.

(b) Beginning June 1, ~~2010~~ 2012, and every quarter beginning in June thereafter, the commissioner shall make one-third of the quarterly payment in June and the remaining two-thirds of the quarterly payment in July to each participating hospital or group of hospitals.

(c) In order to be reimbursed under this section, nonhospital providers of health care services shall contract with one or more hospitals described in paragraph (a) to provide services to general assistance medical care recipients through the coordinated care delivery system established by the hospital. The hospital shall reimburse bills submitted by nonhospital providers participating under this paragraph at a rate negotiated between the hospital and the nonhospital provider.

(d) The commissioner shall apply for federal matching funds under section 256B.199, paragraphs (a) to (d), for expenditures under this subdivision.

(e) Outpatient prescription drug coverage is provided in accordance with section 256D.03, subdivision 3, and paid on a fee-for-service basis under subdivision 9.

Sec. 40. Minnesota Statutes 2010, section 256D.031, subdivision 9, is amended to read:

Subd. 9. **Prescription drug pool.** (a) The commissioner shall establish an outpatient prescription drug pool, effective ~~June 1, 2010~~ July 1, 2011. Money in the pool must be used to reimburse pharmacies and other pharmacy service providers as defined in Minnesota Rules, part 9505.0340, for the covered outpatient prescription drugs dispensed to recipients. Payment for drugs shall be on a fee-for-service basis according to the rates established in section 256B.0625, subdivision 13e. Outpatient prescription drug coverage is subject to the availability of funds in the pool. If the commissioner forecasts that expenditures under this subdivision will exceed the appropriation for this purpose, the commissioner may bring recommendations to the Legislative Advisory Commission on methods to resolve the shortfall.

(b) Effective ~~June 1, 2010~~ September 1, 2011, coordinated care delivery systems established under subdivision 6 shall pay to the commissioner, on a quarterly basis, an assessment equal to 20 percent of payments for the prescribed drugs for recipients of services through that coordinated care delivery system, as calculated by the commissioner based on the most recent available data.

Sec. 41. **[256L.031] HEALTHY MINNESOTA CONTRIBUTION PROGRAM.**

Subdivision 1. **Defined contributions to enrollees.** (a) Beginning January 1, 2012, the commissioner shall provide each MinnesotaCare enrollee eligible under section 256L.04, subdivision 7, with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3.

(b) Beginning January 1, 2012, or upon federal approval, whichever is later, the commissioner shall provide each MinnesotaCare enrollee eligible under section 256L.04, subdivision 1, with a monthly defined contribution to purchase health coverage under a health plan as defined in section 62A.011, subdivision 3, offered by a health plan company as defined in section 62Q.01, subdivision 4.

(c) Enrollees eligible under paragraph (a) or (b) shall not be charged premiums under section 256L.15 and are exempt from the managed care enrollment requirement of section 256L.12.

(d) Sections 256L.03; 256L.05, subdivision 3; and 256L.11 do not apply to enrollees eligible under paragraph (a) or (b). Covered services, cost sharing, disenrollment for nonpayment of premium, enrollee appeal rights and complaint procedures, and the effective date of coverage for enrollees eligible under paragraph (a) shall be as provided under the terms of the health plan purchased by the enrollee.

(e) Unless otherwise provided in this section, all MinnesotaCare requirements related to eligibility, income and asset methodology, income reporting, and program administration, continue to apply to enrollees obtaining coverage under this section.

Subd. 2. **Use of defined contribution.** An enrollee may use up to the monthly defined contribution to pay premiums for coverage under a health plan as defined in section 62A.011, subdivision 3.

Subd. 3. **Determination of defined contribution amount.** (a) The commissioner shall determine the defined contribution sliding scale using the base contribution specified in paragraph (b) for the specified age ranges. The commissioner shall use a sliding scale for defined contributions that provides:

(1) persons with household incomes greater than 75 percent of the federal poverty guidelines to 133 percent of the federal poverty guidelines with a defined contribution of 150 percent of the base contribution;

(2) persons with household incomes equal to 175 percent of the federal poverty guidelines with a defined contribution of 100 percent of the base contribution;

(3) persons with household incomes equal to or greater than 250 percent of the federal poverty guidelines with a defined contribution of 80 percent of the base contribution; and

(4) persons with household incomes in evenly spaced increments between the percentages of the federal poverty guidelines specified in clauses (1) to (3) with a base contribution that is a percentage interpolated from the defined contribution percentages specified in clauses (1) to (3).

Age	Monthly Per-Person Base Contribution
Under 21	$122.79
21-29	122.79
30-31	129.19
32-33	132.38
34-35	134.31
36-37	136.06
38-39	141.02
40-41	151.25
42-43	159.89
44-45	175.08
46-47	191.71

48-49	213.13
50-51	239.51
52-53	266.69
54-55	293.88
56-57	323.77
58-59	341.20
60+	357.19

(b) The commissioner shall multiply the defined contribution amounts developed under paragraph (a) by 1.20 for enrollees who are denied coverage under an individual health plan by a health plan company and who purchase coverage through the Minnesota Comprehensive Health Association.

(c) Notwithstanding paragraphs (a) and (b), the monthly defined contribution shall not exceed 90 percent of the monthly premium for the health plan purchased by the enrollee. If the enrollee purchases coverage under a health plan that does not include mental health services and chemical dependency treatment services, the monthly defined contribution amount determined under this subdivision shall be reduced by five percent.

Subd. 4. **Administration by commissioner.** The commissioner shall administer the defined contributions. The commissioner shall:

(1) calculate and process defined contributions for enrollees; and

(2) pay the defined contribution amount to health plan companies or the Minnesota Comprehensive Health Association, as applicable, for enrollee health plan coverage.

Subd. 5. **Assistance to enrollees.** The commissioner of human services, in consultation with the commissioner of commerce, shall develop an efficient and cost-effective method of referring eligible applicants to professional insurance agent associations.

Subd. 6. **Minnesota Comprehensive Health Association (MCHA).** Beginning January 1, 2012, MinnesotaCare enrollees who are denied coverage under an individual health plan by a health plan company are eligible for coverage through a health plan offered by the Minnesota Comprehensive Health Association and may enroll in MCHA in accordance with section 62E.14. Any difference between the revenue and covered losses to the MCHA related to implementation of this section shall be paid to the MCHA from the health care access fund.

Subd. 7. **Federal approval.** The commissioner shall seek all federal waivers and approvals necessary to implement coverage under this section for MinnesotaCare enrollees eligible under subdivision 1 while continuing to receive federal matching funds.

Sec. 42. Minnesota Statutes 2010, section 256L.04, subdivision 7, is amended to read:

Subd. 7. **Single adults and households with no children.** (a) The definition of eligible persons includes all individuals and households with no children who have gross family incomes that are equal to or less than 200 percent of the federal poverty guidelines.

(b) Effective July 1, ~~2009~~ 2011, the definition of eligible persons includes all individuals and households with no children who have gross family incomes that are ~~equal to or~~ greater than 75 percent of the federal poverty guidelines and less than 250 percent of the federal poverty guidelines.

Sec. 43. Minnesota Statutes 2010, section 256L.05, is amended by adding a subdivision to read:

Subd. 6. **Referral of veterans.** The commissioner shall ensure that all applicants for MinnesotaCare with incomes less than 133 percent of the federal poverty guidelines who identify themselves as veterans are referred to a county veterans service officer for assistance in applying to the U.S. Department of Veterans Affairs for any veterans benefits for which they may be eligible.

Sec. 44. Minnesota Statutes 2010, section 256L.11, subdivision 7, is amended to read:

Subd. 7. **Critical access dental providers.** Effective for dental services provided to MinnesotaCare enrollees on or after ~~January 1, 2007,~~ July 1, 2011, the commissioner shall increase payment rates to dentists and dental clinics deemed by the commissioner to be critical access providers under section 256B.76, subdivision 4, by ~~50~~ 30 percent above the payment rate that would otherwise be paid to the provider. The commissioner shall pay the prepaid health plans under contract with the commissioner amounts sufficient to reflect this rate increase. The prepaid health plan must pass this rate increase to providers who have been identified by the commissioner as critical access dental providers under section 256B.76, subdivision 4.

Sec. 45. Minnesota Statutes 2010, 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, 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.

(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) Effective for services provided on or after January 1, 2012, the commissioner shall include as part of the performance targets described in paragraph (b) a reduction in the plan's hospitalization rate for a subsequent hospitalization within 30 days of a previous hospitalization of a patient regardless of the reason for the hospitalization for state health care program enrollees by a measurable rate of five percent from the plan's hospitalization 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 or county-based purchasing plan demonstrates to the satisfaction of the commissioner that a reduction in the hospitalization rate was achieved.

The withhold described in this paragraph must continue for each consecutive contract period until the plan's subsequent hospitalization rate for state health care program enrollees is reduced by 25 percent of the plan's subsequent hospitalization rate for state health care program enrollees for calendar year 2010. Hospitals shall cooperate with the plans in meeting this performance target and shall accept payment withholds that must 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 utilizations less than the targeted amount. The withhold described in this paragraph does not apply to county-based purchasing plans.

(f) 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.

Sec. 46. Laws 2008, chapter 363, article 18, section 3, subdivision 5, is amended to read:

Subd. 5. **Basic Health Care Grants**

(a) **MinnesotaCare Grants**

Health Care Access -0- (770,000)

Incentive Program and Outreach Grants. Of the appropriation for the Minnesota health care outreach program in Laws 2007, chapter 147, article 19, section 3, subdivision 7, paragraph (b):

(1) $400,000 in fiscal year 2009 from the general fund and $200,000 in fiscal year 2009 from the health care access fund are for the incentive program under Minnesota Statutes, section 256.962, subdivision 5. For the biennium beginning July 1, 2009, base level funding for this activity shall be $360,000 from the general fund and $160,000 from the health care access fund; and

(2) $100,000 in fiscal year 2009 from the general fund and $50,000 in fiscal year 2009 from the health care access fund are for the outreach grants under Minnesota Statutes, section 256.962, subdivision 2. For the biennium beginning July 1, 2009, base level funding for this activity shall be $90,000 from the general fund and $40,000 from the health care access fund.

(b) **MA Basic Health Care Grants - Families and Children** -0- (17,280,000)

Third-Party Liability. (a) During fiscal year 2009, the commissioner shall employ a contractor paid on a percentage basis to improve third-party collections. Improvement initiatives may include, but not be limited to, efforts to improve postpayment collection from nonresponsive claims and efforts to uncover third-party payers the commissioner has been unable to identify.

(b) In fiscal year 2009, the first $1,098,000 of recoveries, after contract payments and federal repayments, is appropriated to the commissioner for technology-related expenses.

Administrative Costs. (a) For contracts effective on or after January 1, 2009,

the commissioner shall limit aggregate administrative costs paid to managed care plans under Minnesota Statutes, section 256B.69, and to county-based purchasing plans under Minnesota Statutes, section 256B.692, to an overall average of ~~6.6~~ 5.3 percent of total contract payments under Minnesota Statutes, sections 256B.69 and 256B.692, for each calendar year. For purposes of this paragraph, administrative costs do not include premium taxes paid under Minnesota Statutes, section 297I.05, subdivision 5, and provider surcharges paid under Minnesota Statutes, section 256.9657, subdivision 3.

(b) Notwithstanding any law to the contrary, the commissioner may reduce or eliminate administrative requirements to meet the administrative target under paragraph (a).

(c) Notwithstanding any contrary provision of this article, this rider shall not expire.

Hospital Payment Delay. Notwithstanding Laws 2005, First Special Session chapter 4, article 9, section 2, subdivision 6, payments from the Medicaid Management Information System that would otherwise have been made for inpatient hospital services for medical assistance enrollees are delayed as follows: (1) for fiscal year 2008, June payments must be included in the first payments in fiscal year 2009; and (2) for fiscal year 2009, June payments must be included in the first payment of fiscal year 2010. The provisions of Minnesota Statutes, section 16A.124, do not apply to these delayed payments. Notwithstanding any contrary provision in this article, this paragraph expires on June 30, 2010.

(c) **MA Basic Health Care Grants - Elderly and Disabled** (14,028,000) (9,368,000)

Minnesota Disability Health Options Rate Setting Methodology. The commissioner shall develop and implement a methodology

for risk adjusting payments for community alternatives for disabled individuals (CADI) and traumatic brain injury (TBI) home and community-based waiver services delivered under the Minnesota disability health options program (MnDHO) effective January 1, 2009. The commissioner shall take into account the weighting system used to determine county waiver allocations in developing the new payment methodology. Growth in the number of enrollees receiving CADI or TBI waiver payments through MnDHO is limited to an increase of 200 enrollees in each calendar year from January 2009 through December 2011. If those limits are reached, additional members may be enrolled in MnDHO for basic care services only as defined under Minnesota Statutes, section 256B.69, subdivision 28, and the commissioner may establish a waiting list for future access of MnDHO members to those waiver services.

MA Basic Elderly and Disabled Adjustments. For the fiscal year ending June 30, 2009, the commissioner may adjust the rates for each service affected by rate changes under this section in such a manner across the fiscal year to achieve the necessary cost savings and minimize disruption to service providers, notwithstanding the requirements of Laws 2007, chapter 147, article 7, section 71.

(d) **General Assistance Medical Care Grants**	-0-	(6,971,000)
(e) **Other Health Care Grants**	-0-	(17,000)

MinnesotaCare Outreach Grants Special Revenue Account. The balance in the MinnesotaCare outreach grants special revenue account on July 1, 2009, estimated to be $900,000, must be transferred to the general fund.

Grants Reduction. Effective July 1, 2008, base level funding for nonforecast, general fund health care grants issued under this

paragraph shall be reduced by 1.8 percent at the allotment level.

Sec. 47. Laws 2010, First Special Session chapter 1, article 16, section 47, is amended to read:

Sec. 47. **REPEALER.**

~~(a)~~ Minnesota Statutes 2008, section 256D.03, ~~subdivisions 3, 3a,~~ subdivision 5, ~~6, 7, and 8, are~~ is repealed ~~contingently upon implementation of Minnesota Statutes, sections 256B.055, subdivision 15, and 256B.056, subdivisions 3 and 4~~.

~~(b) Laws 2010, chapter 200, article 1, sections 12, subdivisions 1, 2, 3, and 5; 18; and 19, are repealed contingently upon implementation of Minnesota Statutes, sections 256B.055, subdivision 15, and 256B.056, subdivisions 3 and 4.~~

~~(c) Laws 2010, chapter 200, article 1, section 12, subdivisions 4, 6, 7, 8, 9, and 10, are repealed contingently upon implementation of Minnesota Statutes, sections 256B.055, subdivision 15, and 256B.056, subdivisions 3 and 4.~~

EFFECTIVE DATE. This section is effective ~~the day following final enactment~~ May 17, 2010.

Sec. 48. Laws 2010, First Special Session chapter 1, article 25, section 3, subdivision 6, is amended to read:

Subd. 6. **Health Care Grants**

(a) **MinnesotaCare Grants**	998,000	(13,376,000)

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 the following amounts in the following years from the health care access fund to the general fund: $998,000 in fiscal year 2010; and $176,704,000 in fiscal year 2011~~; $141,041,000 in fiscal year 2012; and $286,150,000 in fiscal year 2013. If at any time the governor issues an executive order not to participate in early medical assistance expansion, no funds shall be transferred from the health care access fund to the general fund until early medical assistance expansion takes effect. This paragraph is effective the day following final enactment~~.

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-	295,512,000

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-	(30,265,000)
(d) **General Assistance Medical Care Grants**	-0-	(75,389,000)
(e) **Other Health Care Grants**	-0-	(7,000,000)

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.

Sec. 49. **COMPETITIVE BIDDING PILOT.**

For managed care contracts effective January 1, 2012, the commissioner of human services is required to establish a competitive price bidding pilot for nonelderly, nondisabled adults and children in medical assistance and MinnesotaCare in the seven-county metropolitan area. The pilot must allow a minimum of two managed care organizations to serve the metropolitan area. The pilot shall expire after two full calendar years on December 31, 2013. The commissioner of human service shall conduct an evaluation of the pilot to determine the cost-effectiveness and impacts to provider access at the end of the two-year period.

Sec. 50. **DIRECTION TO COMMISSIONER; FEDERAL WAIVER.**

The commissioner of human services shall apply to the Centers for Medicare and Medicaid Services for federal waivers to cover:

(1) children eligible under Minnesota Statutes, section 256B.055, subdivisions 9 and 10b;

(2) families with children eligible under Minnesota Statutes, sections 256B.055, subdivisions 3 and 3a, and 256L.04, subdivision 1; and

(3) adults eligible under Minnesota Statutes, section 256L.04, subdivision 1, under the MinnesotaCare healthy Minnesota contribution program established under Minnesota Statutes, section 256B.695. The commissioner shall report to the legislative committees with jurisdiction over health and human services policy and finance whether or not the federal waiver application was accepted within ten working days of receipt of the decision.

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

Sec. 51. **MEDICAID FRAUD PREVENTION AND DETECTION.**

Subdivision 1. **Request for proposals.** By July 1, 2011, the commissioner of human services shall issue a request for proposals to prevent and detect Medicaid fraud and mispayment. The request for proposals shall require the vendor to provide data analytics capabilities, including, but not limited to, predictive modeling techniques and other forms of advanced analytics that will integrate into the current claim processing system to detect improper payments both before and after payments are made.

Subd. 2. **Proof of concept phase.** The selected vendor, at no cost to the state, shall be required to implement its recommendations on a subset of data provided by the commissioner to demonstrate

the cost-savings potential of the solution.

Subd. 3. **Data.** Data provided by the commissioner to the vendor under this section must not include not public data, as defined in section 13.02, subdivision 8a.

Subd. 4. **Full implementation phase.** The request for proposals must require the commissioner to implement the recommendations provided by the vendor if the work done under the requirements of subdivision 2 provides material savings to the state. After the full implementation of the system provided by the vendor, the vendor shall be paid by the state from the savings attributable to the work done by the vendor, according to the terms and performance measures negotiated in the contract.

Subd. 5. **Selection of vendor.** The commissioner of human services shall select a vendor from the responses to the request for proposals by September 1, 2011.

Subd. 6. **Progress report.** The commissioner shall provide a report describing the progress made under this section to the governor and the chairs and ranking minority members of the legislative committees with jurisdiction over the Department of Human Services by January 15, 2012. The report shall provide a dynamic scoring analysis of the work described in the report.

Sec. 52. **PROHIBITION OF STATE FUNDS TO IMPLEMENT CERTAIN FEDERAL HEALTH CARE REFORMS.**

State funds must not be expended in the planning or implementation of the Patient Protection and Affordable Care Act, Public Law 111-148, as amended by the Health Care and Education Affordability and Reconciliation Act of 2010, Public Law 111-152, and no provisions of the act may be implemented, until the constitutionality of the act has been affirmed by the United States Supreme Court.

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

Sec. 53. **REPEALER.**

(a) Minnesota Statutes 2010, sections 256B.0625, subdivision 8e; 256B.0653, subdivision 5; 256B.0756; and 256D.031, subdivisions 5 and 8, are repealed.

(b) Minnesota Statutes 2010, section 256B.055, subdivision 15, is repealed effective October 1, 2011.

(c) Laws 2010, First Special Session chapter 1, article 16, sections 6; and 7, are repealed effective October 1, 2011.

ARTICLE 6

DEPARTMENT OF HEALTH

Section 1. Minnesota Statutes 2010, section 62J.04, subdivision 3, is amended to read:

Subd. 3. **Cost containment duties.** The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 ~~to 62J.41~~ and 62J.40 to monitor statewide achievement of the cost containment goals;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne Counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

(3) monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;

(4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Centers for Medicare and Medicaid Services 1500 form, or other standardized forms or procedures;

(5) undertake health planning responsibilities;

(6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;

(7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;

(8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

(9) make the cost containment goal data available to the public in a consumer-oriented manner.

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

Sec. 2. Minnesota Statutes 2010, section 62J.17, subdivision 4a, is amended to read:

Subd. 4a. **Expenditure reporting.** Each hospital, outpatient surgical center, and diagnostic imaging center~~, and physician clinic~~ shall report annually to the commissioner on all major spending commitments, in the form and manner specified by the commissioner. The report shall include the following information:

(a) a description of major spending commitments made during the previous year, including the total dollar amount of major spending commitments and purpose of the expenditures;

(b) the cost of land acquisition, construction of new facilities, and renovation of existing facilities;

(c) the cost of purchased or leased medical equipment, by type of equipment;

(d) expenditures by type for specialty care and new specialized services;

(e) information on the amount and types of added capacity for diagnostic imaging services, outpatient surgical services, and new specialized services; and

(f) information on investments in electronic medical records systems.

For hospitals and outpatient surgical centers, this information shall be included in reports to the commissioner that are required under section 144.698. For diagnostic imaging centers, this information shall be included in reports to the commissioner that are required under section 144.565. ~~For physician clinics, this information shall be included in reports to the commissioner that are required under section 62J.41.~~ For all other health care providers that are subject to this reporting requirement, reports must be submitted to the commissioner by March 1 each year for the preceding calendar year.

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

Sec. 3. Minnesota Statutes 2010, 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)~~ (b) Funds distributed shall not be used to displace current funding appropriations from federal or state sources.

~~(d)~~ (c) 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)~~ (d) 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)~~ (e) 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.

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

Sec. 4. Minnesota Statutes 2010, section 103I.005, is amended by adding a subdivision to read:

Subd. 1a. **Bored geothermal heat exchanger.** "Bored geothermal heat exchanger" means an earth-coupled heating or cooling device consisting of a sealed closed-loop piping system installed in a boring in the ground to transfer heat to or from the surrounding earth with no discharge.

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

Sec. 5. Minnesota Statutes 2010, section 103I.005, subdivision 2, is amended to read:

Subd. 2. **Boring.** "Boring" means a hole or excavation that is not used to extract water and includes exploratory borings, environmental bore holes, ~~vertical~~ bored geothermal heat exchangers, and elevator ~~shafts~~ borings.

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

Sec. 6. Minnesota Statutes 2010, section 103I.005, subdivision 8, is amended to read:

Subd. 8. **Environmental bore hole.** "Environmental bore hole" means a hole or excavation in the ground that penetrates a confining layer or is greater than 25 feet in depth and enters or goes through a water bearing layer and is used to monitor or measure physical, chemical, radiological, or biological parameters without extracting water. An environmental bore hole also includes bore holes constructed for vapor recovery or venting systems. An environmental bore hole does not include a well, elevator ~~shaft~~ boring, exploratory boring, or monitoring well.

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

Sec. 7. Minnesota Statutes 2010, section 103I.005, subdivision 12, is amended to read:

Subd. 12. **Limited well/boring contractor.** "Limited well/boring contractor" means a person with a limited well/boring contractor's license issued by the commissioner. Limited well/boring contractor's licenses are issued for constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers; installing, repairing, and modifying pitless units and pitless adaptors, well casings above the pitless unit or pitless adaptor, well screens, or well diameters; constructing, repairing, and sealing drive point wells or dug wells; constructing, repairing, and sealing dewatering wells; sealing wells; and installing well pumps or pumping equipment.

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

Sec. 8. Minnesota Statutes 2010, section 103I.101, subdivision 2, is amended to read:

Subd. 2. **Duties.** The commissioner shall:

(1) regulate the drilling, construction, modification, repair, and sealing of wells and borings;

(2) examine and license well contractors; persons constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers; persons modifying or repairing well casings, well screens, or well diameters; persons constructing, repairing, and sealing drive point wells or dug wells; persons constructing, repairing, and sealing dewatering wells; persons sealing wells; persons installing well pumps or pumping equipment; and persons ~~excavating or drilling holes for the installation of~~ constructing, repairing, and sealing elevator borings ~~or hydraulic cylinders~~;

(3) register and examine monitoring well contractors;

(4) license explorers engaged in exploratory boring and examine individuals who supervise or oversee exploratory boring;

(5) after consultation with the commissioner of natural resources and the Pollution Control Agency, establish standards for the design, location, construction, repair, and sealing of wells and borings within the state; and

(6) issue permits for wells, groundwater thermal devices, ~~vertical~~ bored geothermal heat exchangers, and elevator borings.

Sec. 9. Minnesota Statutes 2010, section 103I.101, subdivision 5, is amended to read:

Subd. 5. **Commissioner to adopt rules.** The commissioner shall adopt rules including:

(1) issuance of licenses for:

(i) qualified well contractors, persons modifying or repairing well casings, well screens, or well

diameters;

(ii) persons constructing, repairing, and sealing drive point wells or dug wells;

(iii) persons constructing, repairing, and sealing dewatering wells;

(iv) persons sealing wells;

(v) persons installing well pumps or pumping equipment;

(vi) persons constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers; and

(vii) persons constructing, repairing, and sealing elevator borings;

(2) issuance of registration for monitoring well contractors;

(3) establishment of conditions for examination and review of applications for license and registration;

(4) establishment of conditions for revocation and suspension of license and registration;

(5) establishment of minimum standards for design, location, construction, repair, and sealing of wells and borings to implement the purpose and intent of this chapter;

(6) establishment of a system for reporting on wells and borings drilled and sealed;

(7) establishment of standards for the construction, maintenance, sealing, and water quality monitoring of wells in areas of known or suspected contamination;

(8) establishment of wellhead protection measures for wells serving public water supplies;

(9) establishment of procedures to coordinate collection of well and boring data with other state and local governmental agencies;

(10) establishment of criteria and procedures for submission of well and boring logs, formation samples or well or boring cuttings, water samples, or other special information required for and water resource mapping; and

(11) establishment of minimum standards for design, location, construction, maintenance, repair, sealing, safety, and resource conservation related to borings, including exploratory borings as defined in section 103I.005, subdivision 9.

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

Sec. 10. Minnesota Statutes 2010, section 103I.105, is amended to read:

103I.105 ADVISORY COUNCIL ON WELLS AND BORINGS.

(a) The Advisory Council on Wells and Borings is established as an advisory council to the commissioner. The advisory council shall consist of 18 voting members. Of the 18 voting members:

(1) one member must be from the Department of Health, appointed by the commissioner of health;

(2) one member must be from the Department of Natural Resources, appointed by the

commissioner of natural resources;

(3) one member must be a member of the Minnesota Geological Survey of the University of Minnesota, appointed by the director;

(4) one member must be a responsible individual for a licensed explorer;

(5) one member must be a certified representative of a licensed elevator boring contractor;

(6) two members must be members of the public who are not connected with the boring or well drilling industry;

(7) one member must be from the Pollution Control Agency, appointed by the commissioner of the Pollution Control Agency;

(8) one member must be from the Department of Transportation, appointed by the commissioner of transportation;

(9) one member must be from the Board of Water and Soil Resources appointed by its chair;

(10) one member must be a certified representative of a monitoring well contractor;

(11) six members must be residents of this state appointed by the commissioner, who are certified representatives of licensed well contractors, with not more than two from the seven-county metropolitan area and at least four from other areas of the state who represent different geographical regions; and

(12) one member must be a certified representative of a licensed ~~vertical~~ bored geothermal heat exchanger contractor.

(b) An appointee of the well drilling industry may not serve more than two consecutive terms.

(c) The appointees to the advisory council from the well drilling industry must:

(1) have been residents of this state for at least three years before appointment; and

(2) have at least five years' experience in the well drilling business.

(d) The terms of the appointed members and the compensation and removal of all members are governed by section 15.059, except section 15.059, subdivision 5, relating to expiration of the advisory council does not apply.

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

Sec. 11. Minnesota Statutes 2010, section 103I.111, subdivision 8, is amended to read:

Subd. 8. **Municipal regulation of drilling.** A municipality may regulate all drilling, except well, elevator ~~shaft~~ boring, and exploratory drilling that is subject to the provisions of this chapter, above, in, through, and adjacent to subsurface areas designated for mined underground space development and existing mined underground space. The regulations may prohibit, restrict, control, and require permits for the drilling.

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

Sec. 12. Minnesota Statutes 2010, section 103I.205, subdivision 4, is amended to read:

Subd. 4. **License required.** (a) Except as provided in paragraph (b), (c), (d), or (e), section 103I.401, subdivision 2, or section 103I.601, subdivision 2, a person may not drill, construct, repair, or seal a well or boring unless the person has a well contractor's license in possession.

(b) A person may construct, repair, and seal a monitoring well if the person:

(1) is a professional engineer licensed under sections 326.02 to 326.15 in the branches of civil or geological engineering;

(2) is a hydrologist or hydrogeologist certified by the American Institute of Hydrology;

(3) is a professional geoscientist licensed under sections 326.02 to 326.15;

(4) is a geologist certified by the American Institute of Professional Geologists; or

(5) meets the qualifications established by the commissioner in rule.

A person must register with the commissioner as a monitoring well contractor on forms provided by the commissioner.

(c) A person may do the following work with a limited well/boring contractor's license in possession. A separate license is required for each of the six activities:

(1) installing or repairing well screens or pitless units or pitless adaptors and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing;

(2) constructing, repairing, and sealing drive point wells or dug wells;

(3) installing well pumps or pumping equipment;

(4) sealing wells;

(5) constructing, repairing, or sealing dewatering wells; or

(6) constructing, repairing, or sealing ~~vertical~~ bored geothermal heat exchangers.

(d) A person may construct, repair, and seal an elevator boring with an elevator boring contractor's license.

(e) Notwithstanding other provisions of this chapter requiring a license or registration, a license or registration is not required for a person who complies with the other provisions of this chapter if the person is:

(1) an individual who constructs a well on land that is owned or leased by the individual and is used by the individual for farming or agricultural purposes or as the individual's place of abode; or

(2) an individual who performs labor or services for a contractor licensed or registered under the provisions of this chapter in connection with the construction, sealing, or repair of a well or boring at the direction and under the personal supervision of a contractor licensed or registered under the provisions of this chapter.

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

Sec. 13. Minnesota Statutes 2010, section 103I.208, subdivision 2, is amended to read:

Subd. 2. **Permit fee.** The permit fee to be paid by a property owner is:

(1) for a water supply well that is not in use under a maintenance permit, $175 annually;

(2) for construction of a monitoring well, $215, which includes the state core function fee;

(3) for a monitoring well that is unsealed under a maintenance permit, $175 annually;

(4) for a monitoring well owned by a federal agency, state agency, or local unit of government that is unsealed under a maintenance permit, $50 annually. "Local unit of government" means a statutory or home rule charter city, town, county, or soil and water conservation district, watershed district, an organization formed for the joint exercise of powers under section 471.59, a board of health or community health board, or other special purpose district or authority with local jurisdiction in water and related land resources management;

(5) for monitoring wells used as a leak detection device at a single motor fuel retail outlet, a single petroleum bulk storage site excluding tank farms, or a single agricultural chemical facility site, the construction permit fee is $215, which includes the state core function fee, per site regardless of the number of wells constructed on the site, and the annual fee for a maintenance permit for unsealed monitoring wells is $175 per site regardless of the number of monitoring wells located on site;

(6) for a groundwater thermal exchange device, in addition to the notification fee for water supply wells, $215, which includes the state core function fee;

(7) for a ~~vertical~~ bored geothermal heat exchanger with less than ten tons of heating/cooling capacity, $215;

(8) for a ~~vertical~~ bored geothermal heat exchanger with ten to 50 tons of heating/cooling capacity, $425;

(9) for a ~~vertical~~ bored geothermal heat exchanger with greater than 50 tons of heating/cooling capacity, $650;

(10) for a dewatering well that is unsealed under a maintenance permit, $175 annually for each dewatering well, except a dewatering project comprising more than five dewatering wells shall be issued a single permit for $875 annually for dewatering wells recorded on the permit; and

(11) for an elevator boring, $215 for each boring.

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

Sec. 14. Minnesota Statutes 2010, section 103I.501, is amended to read:

103I.501 LICENSING AND REGULATION OF WELLS AND BORINGS.

(a) The commissioner shall regulate and license:

(1) drilling, constructing, and repair of wells;

(2) sealing of wells;

(3) installing of well pumps and pumping equipment;

(4) excavating, drilling, repairing, and sealing of elevator borings;

(5) construction, repair, and sealing of environmental bore holes; and

(6) construction, repair, and sealing of ~~vertical~~ bored geothermal heat exchangers.

(b) The commissioner shall examine and license well contractors, limited well/boring contractors, and elevator boring contractors, and examine and register monitoring well contractors.

(c) The commissioner shall license explorers engaged in exploratory boring and shall examine persons who supervise or oversee exploratory boring.

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

Sec. 15. Minnesota Statutes 2010, section 103I.531, subdivision 5, is amended to read:

Subd. 5. **Bond.** (a) As a condition of being issued a limited well/boring contractor's license for constructing, repairing, and sealing drive point wells or dug wells, sealing wells or borings, constructing, repairing, and sealing dewatering wells, or constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers, the applicant must submit a corporate surety bond for $10,000 approved by the commissioner. As a condition of being issued a limited well/boring contractor's license for installing or repairing well screens or pitless units or pitless adaptors and well casings from the pitless adaptor or pitless unit to the upper termination of the well casing, or installing well pumps or pumping equipment, the applicant must submit a corporate surety bond for $2,000 approved by the commissioner. The bonds required in this paragraph must be conditioned to pay the state on performance of work in this state that is not in compliance with this chapter or rules adopted under this chapter. The bonds are in lieu of other license bonds required by a political subdivision of the state.

(b) From proceeds of a bond required in paragraph (a), the commissioner may compensate persons injured or suffering financial loss because of a failure of the applicant to perform work or duties in compliance with this chapter or rules adopted under this chapter.

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

Sec. 16. Minnesota Statutes 2010, section 103I.535, subdivision 6, is amended to read:

Subd. 6. **License fee.** The fee for an elevator ~~shaft~~ boring contractor's license is $75.

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

Sec. 17. Minnesota Statutes 2010, section 103I.641, is amended to read:

103I.641 ~~VERTICAL~~ BORED GEOTHERMAL HEAT EXCHANGERS.

Subdivision 1. **Requirements.** A person may not drill or construct an excavation used to install a ~~vertical~~ bored geothermal heat exchanger unless the person is a limited well/boring contractor licensed for constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers or a well contractor.

Subd. 2. **Regulations for ~~vertical~~ bored geothermal heat exchangers.** ~~Vertical~~ Bored geothermal heat exchangers must be constructed, maintained, and sealed under the provisions of this chapter.

Subd. 3. **Permit required.** (a) A ~~vertical~~ bored geothermal heat exchanger may not be installed without first obtaining a permit for the ~~vertical~~ bored geothermal heat exchanger from the commissioner. A limited well/boring contractor licensed for constructing, repairing, and sealing ~~vertical~~ bored geothermal heat exchangers or a well contractor must apply for the permit on forms provided by the commissioner and must pay the permit fee.

(b) As a condition of the permit, the owner of the property where the ~~vertical~~ bored geothermal heat exchanger is to be installed must agree to allow inspection by the commissioner during regular working hours of Department of Health inspectors.

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

Sec. 18. Minnesota Statutes 2010, section 103I.711, subdivision 1, is amended to read:

Subdivision 1. **Impoundment.** The commissioner may apply to district court for a warrant authorizing seizure and impoundment of all drilling machines or hoists owned or used by a person. The court shall issue an impoundment order upon the commissioner's showing that a person is constructing, repairing, or sealing wells or borings or installing pumps or pumping equipment ~~or excavating holes for installing elevator shafts~~ without a license or registration as required under this chapter. A sheriff on receipt of the warrant must seize and impound all drilling machines and hoists owned or used by the person. A person from whom equipment is seized under this subdivision may file an action in district court for the purpose of establishing that the equipment was wrongfully seized.

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

Sec. 19. Minnesota Statutes 2010, section 103I.715, subdivision 2, is amended to read:

Subd. 2. **Gross misdemeanors.** A person is guilty of a gross misdemeanor who:

(1) willfully violates a provision of this chapter or order of the commissioner;

(2) engages in the business of drilling or making wells or borings, sealing wells or borings, or installing pumps or pumping equipment~~, or constructing elevator shafts~~ without a license required by this chapter; or

(3) engages in the business of exploratory boring without an exploratory borer's license under this chapter.

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

Sec. 20. Minnesota Statutes 2010, section 144.125, subdivision 1, is amended to read:

Subdivision 1. **Duty to perform testing.** It is the duty of (1) the administrative officer or other person in charge of each institution caring for infants 28 days or less of age, (2) the person required in pursuance of the provisions of section 144.215, to register the birth of a child, or (3) the nurse midwife or midwife in attendance at the birth, to arrange to have administered to every infant or child in its care tests for heritable and congenital disorders according to subdivision 2 and rules prescribed by the state commissioner of health. Testing ~~and the recording~~ and reporting of test results shall be performed at the times and in the manner prescribed by the commissioner of health. The commissioner shall charge a fee so that the total of fees collected will approximate the costs of conducting the tests and implementing and maintaining a system to follow-up infants with heritable

or congenital disorders, including hearing loss detected through the early hearing detection and intervention program under section 144.966. The fee is $101 per specimen. Effective July 1, 2010, the fee shall be increased to $106 per specimen. The increased fee amount shall be deposited in the general fund. Costs associated with capital expenditures and the development of new procedures may be prorated over a three-year period when calculating the amount of the fees.

Sec. 21. Minnesota Statutes 2010, section 144.125, subdivision 3, is amended to read:

Subd. 3. **Objection of parents to test.** Persons with a duty to perform testing under subdivision 1 shall advise parents of infants (1) that the blood or tissue samples will be used to perform testing ~~thereunder as well as the results of such testing may be retained by the Department of Health, (2) the benefit of retaining the blood or tissue sample~~, and ~~(3)~~ (2) that a form is available in which the following options ~~are available to them~~ may be chosen with respect to the testing: (i) to decline to have the tests, or (ii) to elect to have the tests ~~but~~ and to ~~require that~~ allow all blood samples and records of test results to be ~~destroyed within~~ retained by the Department of Health for 24 months ~~of~~ after the testing. If the parents of an infant object in writing to testing for heritable and congenital disorders or elect to ~~require that~~ allow blood samples and test results to be ~~destroyed~~ retained, the objection or election shall be recorded on a form that is signed by a parent or legal guardian and made part of the infant's medical record. A written objection exempts an infant from the requirements of this section and section 144.128.

Sec. 22. Minnesota Statutes 2010, section 144.128, is amended to read:

144.128 COMMISSIONER'S DUTIES; STORED BLOOD AND TISSUE SAMPLES.

The commissioner shall:

(1) notify the physicians of newborns tested of the results of the tests performed;

(2) make referrals for the necessary treatment of diagnosed cases of heritable and congenital disorders when treatment is indicated;

~~(3) maintain a registry of the cases of heritable and congenital disorders detected by the screening program for the purpose of follow-up services;~~

~~(4) prepare a separate form for use by parents or by adults who were tested as minors to direct that blood samples and test results be destroyed;~~

~~(5) comply with a destruction request within 45 days after receiving it;~~

~~(6) notify individuals who request destruction of samples and test results that the samples and test results have been destroyed; and~~

~~(7) adopt rules to carry out sections 144.125 to 144.128.~~

(3) destroy blood or tissue samples obtained from test results immediately after completion of the test results, unless the parent of the newborn tested elects under section 144.125, subdivision 3, to retain the results, in which case the test results may be retained for up to 24 months; and

(4) destroy all blood or tissue samples and material and records related to stored samples that were collected and stored by the commissioner before August 1, 2011.

Sec. 23. Minnesota Statutes 2010, section 144.396, subdivision 5, is amended to read:

Subd. 5. **Statewide tobacco prevention grants.** (a) To the extent funds are appropriated for the purposes of this subdivision, the commissioner of health ~~shall~~ may, within available appropriations, award competitive grants to eligible applicants for projects and initiatives directed at the prevention of tobacco use. The project areas for grants include:

(1) statewide public education and information campaigns which include implementation at the local level; and

(2) coordinated special projects, including training and technical assistance, a resource clearinghouse, and contracts with ethnic and minority communities.

(b) Eligible applicants may include, but are not limited to, nonprofit organizations, colleges and universities, professional health associations, community health boards, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must take into account the need for a coordinated statewide tobacco prevention effort.

(c) The commissioner must give priority to applicants who demonstrate that the proposed project:

(1) is research based or based on proven effective strategies;

(2) is designed to coordinate with other activities and education messages related to other health initiatives;

(3) utilizes and enhances existing prevention activities and resources; or

(4) involves innovative approaches preventing tobacco use among youth.

Sec. 24. Minnesota Statutes 2010, section 144.396, subdivision 6, is amended to read:

Subd. 6. **Local tobacco prevention grants.** (a) The commissioner shall award grants, within available appropriations, to eligible applicants for local and regional projects and initiatives directed at tobacco prevention in coordination with other health areas aimed at reducing high-risk behaviors in youth that lead to adverse health-related problems. The project areas for grants include:

(1) school-based tobacco prevention programs aimed at youth and parents;

(2) local public awareness and education projects aimed at tobacco prevention in coordination with locally assessed community public health needs pursuant to chapter 145A; or

(3) local initiatives aimed at reducing high-risk behavior in youth associated with tobacco use and the health consequences of these behaviors.

(b) Eligible applicants may include, but are not limited to, community health boards, school districts, community clinics, Indian tribes, nonprofit organizations, and other health care organizations. Applicants must submit proposals to the commissioner. The proposals must specify the strategies to be implemented to target tobacco use among youth, and must be targeted to achieve the outcomes established in subdivision 2.

(c) The commissioner must give priority to applicants who demonstrate that the proposed project

or initiative is:

(1) supported by the community in which the applicant serves;

(2) is based on research or on proven effective strategies;

(3) is designed to coordinate with other community activities related to other health initiatives;

(4) incorporates an understanding of the role of community in influencing behavioral changes among youth regarding tobacco use and other high-risk health-related behaviors; or

(5) addresses disparities among populations of color related to tobacco use and other high-risk health-related behaviors.

(d) The commissioner shall divide the state into specific geographic regions and allocate a percentage of the money available for distribution to projects or initiatives aimed at that geographic region. If the commissioner does not receive a sufficient number of grant proposals from applicants that serve a particular region or the proposals submitted do not meet the criteria developed by the commissioner, the commissioner shall provide technical assistance and expertise to ensure the development of adequate proposals aimed at addressing the public health needs of that region. In awarding the grants, the commissioner shall consider locally assessed community public health needs pursuant to chapter 145A.

Sec. 25. **[145.4221] HUMAN CLONING PROHIBITED.**

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

(b) "Human cloning" means human asexual reproduction accomplished by introducing nuclear material from one or more human somatic cells into a fertilized or unfertilized oocyte whose nuclear material has been removed or inactivated so as to produce a living organism at any stage of development that is genetically virtually identical to an existing or previously existing human organism.

(c) "Somatic cell" means a diploid cell, having a complete set of chromosomes, obtained or derived from a living or deceased human body at any stage of development.

Subd. 2. **Prohibition on cloning.** No person or entity, whether public or private, may:

(1) perform or attempt to perform human cloning;

(2) participate in an attempt to perform human cloning;

(3) ship, import, or receive for any purpose an embryo produced by human cloning or any product derived from such an embryo; or

(4) ship or receive, in whole or in part, any oocyte, embryo, fetus, or human somatic cell, for the purpose of human cloning.

Subd. 3. **Scientific research.** Nothing in this section shall restrict areas of scientific research not specifically prohibited by this section, including research in the use of nuclear transfer or other cloning techniques to produce molecules, DNA, cells other than human embryos, tissues, organs, plants, or animals other than humans. In addition, nothing in this section shall restrict, inhibit, or

make unlawful the scientific field of stem cell research, unless explicitly prohibited.

Subd. 4. **Penalties.** Any person or entity that knowingly or recklessly violates subdivision 2 is guilty of a misdemeanor.

Subd. 5. **Severability.** If any provision, section, subdivision, sentence, clause, phrase, or word in this section or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the remainder of this section shall remain effective notwithstanding such unconstitutional provision. The legislature declares that it would have passed this section and each provision, subdivision, sentence, clause, phrase, or word thereof, regardless of the fact that any provision, section, subdivision, sentence, clause, phrase, or word is declared unconstitutional.

EFFECTIVE DATE. This section is effective August 1, 2011, and applies to crimes committed on or after that date.

Sec. 26. Minnesota Statutes 2010, section 145.925, subdivision 1, is amended to read:

Subdivision 1. **Eligible organizations; purpose.** The commissioner of health may, within available appropriations, make special grants to cities, counties, groups of cities or counties, or nonprofit corporations to provide prepregnancy family planning services.

Sec. 27. Minnesota Statutes 2010, section 145.928, subdivision 7, is amended to read:

Subd. 7. **Community grant program; immunization rates and infant mortality rates.** (a) The commissioner ~~shall~~ may, within available appropriations, award grants to eligible applicants for local or regional projects and initiatives directed at reducing health disparities in one or both of the following priority areas:

(1) decreasing racial and ethnic disparities in infant mortality rates; or

(2) increasing adult and child immunization rates in nonwhite racial and ethnic populations.

(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, coordination activities, and development of community supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, community health boards, tribal governments, and community clinics. Applicants must submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or both of the priority areas listed in paragraph (a) and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

(1) is supported by the community the applicant will serve;

(2) is research-based or based on promising strategies;

(3) is designed to complement other related community activities;

(4) utilizes strategies that positively impact both priority areas;

(5) reflects racially and ethnically appropriate approaches; and

(6) will be implemented through or with community-based organizations that reflect the race or ethnicity of the population to be reached.

Sec. 28. Minnesota Statutes 2010, section 145.928, subdivision 8, is amended to read:

Subd. 8. **Community grant program; other health disparities.** (a) The commissioner ~~shall~~ may, within available appropriations, award grants to eligible applicants for local or regional projects and initiatives directed at reducing health disparities in one or more of the following priority areas:

(1) decreasing racial and ethnic disparities in morbidity and mortality rates from breast and cervical cancer;

(2) decreasing racial and ethnic disparities in morbidity and mortality rates from HIV/AIDS and sexually transmitted infections;

(3) decreasing racial and ethnic disparities in morbidity and mortality rates from cardiovascular disease;

(4) decreasing racial and ethnic disparities in morbidity and mortality rates from diabetes; or

(5) decreasing racial and ethnic disparities in morbidity and mortality rates from accidental injuries or violence.

(b) The commissioner may award up to 20 percent of the funds available as planning grants. Planning grants must be used to address such areas as community assessment, determining community priority areas, coordination activities, and development of community supported strategies.

(c) Eligible applicants may include, but are not limited to, faith-based organizations, social service organizations, community nonprofit organizations, community health boards, and community clinics. Applicants shall submit proposals to the commissioner. A proposal must specify the strategies to be implemented to address one or more of the priority areas listed in paragraph (a) and must be targeted to achieve the outcomes established according to subdivision 3.

(d) The commissioner shall give priority to applicants who demonstrate that their proposed project or initiative:

(1) is supported by the community the applicant will serve;

(2) is research-based or based on promising strategies;

(3) is designed to complement other related community activities;

(4) utilizes strategies that positively impact more than one priority area;

(5) reflects racially and ethnically appropriate approaches; and

(6) will be implemented through or with community-based organizations that reflect the race or ethnicity of the population to be reached.

Sec. 29. Minnesota Statutes 2010, section 297F.10, subdivision 1, is amended to read:

Subdivision 1. **Tax and use tax on cigarettes.** Revenue received from cigarette taxes, as well as related penalties, interest, license fees, and miscellaneous sources of revenue shall be deposited by the commissioner in the state treasury and credited as follows:

(1) $22,220,000 for fiscal year 2006 and $22,250,000 for fiscal year 2007 and each year thereafter must be credited to the Academic Health Center special revenue fund hereby created and is annually appropriated to the Board of Regents at the University of Minnesota for Academic Health Center funding at the University of Minnesota; and

(2) ~~$8,553,000 for fiscal year 2006 and~~ $8,550,000 for fiscal ~~year~~ years 2007 ~~and each year thereafter~~ through fiscal year 2012 and $3,937,000 each year thereafter must be credited to the medical education and research costs account hereby created in the special revenue fund and is annually appropriated to the commissioner of health for distribution under section 62J.692, subdivision 4; and

(3) the balance of the revenues derived from taxes, penalties, and interest (under this chapter) and from license fees and miscellaneous sources of revenue shall be credited to the general fund.

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

Sec. 30. **FAMILY PLANNING GRANTS.**

The Department of Health shall not appropriate state funds or accept federal funds for family planning special projects or family planning services.

Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2010, sections 144.1464; 144.147; 144.1487; 144.1488, subdivisions 1, 3, and 4; 144.1489; 144.1490; 144.1491; 144.1499; 144.1501; 144.6062; 145.925; 145A.14, subdivisions 1 and 2a, are repealed.

(b) Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, and 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1 and 2; and 103I.005, subdivision 20, are repealed effective July 1, 2011.

(c) Minnesota Rules, parts 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, and 23; 4651.0110, subparts 2, 2a, 3, 4, and 5; 4651.0120; 4651.0130; 4651.0140; and 4651.0150, are repealed effective July 1, 2011.

ARTICLE 7

HEALTH LICENSING BOARDS

Section 1. Minnesota Statutes 2010, section 148.108, is amended by adding a subdivision to read:

Subd. 4. **Animal chiropractic.** The animal chiropractic registration fee is $125, animal registration renewal fee is $75, and animal chiropractic inactive renewal fee is $25.

Sec. 2. Minnesota Statutes 2010, section 148.191, subdivision 2, is amended to read:

Subd. 2. **Powers.** (a) The board is authorized to adopt and, from time to time, revise rules not inconsistent with the law, as may be necessary to enable it to carry into effect the provisions of sections 148.171 to 148.285. The board shall prescribe by rule curricula and standards for schools and courses preparing persons for licensure under sections 148.171 to 148.285. It shall conduct or provide for surveys of such schools and courses at such times as it may deem necessary. It shall approve such schools and courses as meet the requirements of sections 148.171 to 148.285 and board rules. It shall examine, license, and renew the license of duly qualified applicants. It shall hold examinations at least once in each year at such time and place as it may determine. It shall by rule adopt, evaluate, and periodically revise, as necessary, requirements for licensure and for registration and renewal of registration as defined in section 148.231. It shall maintain a record of all persons licensed by the board to practice professional or practical nursing and all registered nurses who hold Minnesota licensure and registration and are certified as advanced practice registered nurses. It shall cause the prosecution of all persons violating sections 148.171 to 148.285 and have power to incur such necessary expense therefor. It shall register public health nurses who meet educational and other requirements established by the board by rule, including payment of a fee. ~~Prior to the adoption of rules, the board shall use the same procedures used by the Department of Health to certify public health nurses.~~ It shall have power to issue subpoenas, and to compel the attendance of witnesses and the production of all necessary documents and other evidentiary material. Any board member may administer oaths to witnesses, or take their affirmation. It shall keep a record of all its proceedings.

(b) The board shall have access to hospital, nursing home, and other medical records of a patient cared for by a nurse under review. If the board does not have a written consent from a patient permitting access to the patient's records, the nurse or facility shall delete any data in the record that identifies the patient before providing it to the board. The board shall have access to such other records as reasonably requested by the board to assist the board in its investigation. Nothing herein may be construed to allow access to any records protected by section 145.64. The board shall maintain any records obtained pursuant to this paragraph as investigative data under chapter 13.

(c) The board may accept and expend grants or gifts of money or in-kind services from a person, a public or private entity, or any other source for purposes consistent with the board's role and within the scope of its statutory authority.

(d) The board may accept registration fees for meetings and conferences conducted for the purposes of board activities that are within the scope of its authority.

Sec. 3. Minnesota Statutes 2010, section 148.212, subdivision 1, is amended to read:

Subdivision 1. **Issuance.** Upon receipt of the applicable licensure or reregistration fee and permit fee, and in accordance with rules of the board, the board may issue a nonrenewable temporary permit to practice professional or practical nursing to an applicant for licensure or reregistration who is not the subject of a pending investigation or disciplinary action, nor disqualified for any other reason, under the following circumstances:

(a) ~~The applicant for licensure by examination under section 148.211, subdivision 1, has graduated from an approved nursing program within the 60 days preceding board receipt of an affidavit of graduation or transcript and has been authorized by the board to write the licensure examination for the first time in the United States. The permit holder must practice professional or practical nursing under the direct supervision of a registered nurse. The permit is valid from~~

~~the date of issue until the date the board takes action on the application or for 60 days whichever occurs first.~~

~~(b)~~ The applicant for licensure by endorsement under section 148.211, subdivision 2, is currently licensed to practice professional or practical nursing in another state, territory, or Canadian province. The permit is valid ~~from submission of a proper request~~ until the date of board action on the application or for 60 days, whichever comes first.

~~(c)~~ (b) The applicant for licensure by endorsement under section 148.211, subdivision 2, or for reregistration under section 148.231, subdivision 5, is currently registered in a formal, structured refresher course or its equivalent for nurses that includes clinical practice.

~~(d) The applicant for licensure by examination under section 148.211, subdivision 1, who graduated from a nursing program in a country other than the United States or Canada has completed all requirements for licensure except registering for and taking the nurse licensure examination for the first time in the United States. The permit holder must practice professional nursing under the direct supervision of a registered nurse. The permit is valid from the date of issue until the date the board takes action on the application or for 60 days, whichever occurs first.~~

Sec. 4. Minnesota Statutes 2010, section 148.231, is amended to read:

148.231 REGISTRATION; FAILURE TO REGISTER; REREGISTRATION; VERIFICATION.

Subdivision 1. **Registration.** Every person licensed to practice professional or practical nursing must maintain with the board a current registration for practice as a registered nurse or licensed practical nurse which must be renewed at regular intervals established by the board by rule. No ~~certificate of~~ registration shall be issued by the board to a nurse until the nurse has submitted satisfactory evidence of compliance with the procedures and minimum requirements established by the board.

The fee for periodic registration for practice as a nurse shall be determined by the board by ~~rule~~ law. ~~A penalty fee shall be added for any application received after the required date as specified by the board by rule.~~ Upon receipt of the application and the required fees, the board shall verify the application and the evidence of completion of continuing education requirements in effect, and thereupon issue to the nurse ~~a certificate of~~ registration for the next renewal period.

Subd. 4. **Failure to register.** Any person licensed under the provisions of sections 148.171 to 148.285 who fails to register within the required period shall not be entitled to practice nursing in this state as a registered nurse or licensed practical nurse.

Subd. 5. **Reregistration.** A person whose registration has lapsed desiring to resume practice shall make application for reregistration, submit satisfactory evidence of compliance with the procedures and requirements established by the board, and pay the ~~registration~~ reregistration fee for the current period to the board. A penalty fee shall be required from a person who practiced nursing without current registration. Thereupon~~, the~~ registration ~~certificate~~ shall be issued to the person who shall immediately be placed on the practicing list as a registered nurse or licensed practical nurse.

Subd. 6. **Verification.** A person licensed under the provisions of sections 148.171 to 148.285 who requests the board to verify a Minnesota license to another state, territory, or country or to an agency, facility, school, or institution shall pay a fee ~~to the board~~ for each verification.

Sec. 5. **[148.243] FEE AMOUNTS.**

Subdivision 1. **Licensure by examination.** The fee for licensure by examination is $105.

Subd. 2. **Reexamination fee.** The reexamination fee is $60.

Subd. 3. **Licensure by endorsement.** The fee for licensure by endorsement is $105.

Subd. 4. **Registration renewal.** The fee for registration renewal is $85.

Subd. 5. **Reregistration.** The fee for reregistration is $105.

Subd. 6. **Replacement license.** The fee for a replacement license is $20.

Subd. 7. **Public health nurse certification.** The fee for public health nurse certification is $30.

Subd. 8. **Drug Enforcement Administration verification for Advanced Practice Registered Nurse (APRN).** The Drug Enforcement Administration verification for APRN is $50.

Subd. 9. **Licensure verification other than through Nursys.** The fee for verification of licensure status other than through Nursys verification is $20.

Subd. 10. **Verification of examination scores.** The fee for verification of examination scores is $20.

Subd. 11. **Microfilmed licensure application materials.** The fee for a copy of microfilmed licensure application materials is $20.

Subd. 12. **Nursing business registration; initial application.** The fee for the initial application for nursing business registration is $100.

Subd. 13. **Nursing business registration; annual application.** The fee for the annual application for nursing business registration is $25.

Subd. 14. **Practicing without current registration.** The fee for practicing without current registration is two times the amount of the current registration renewal fee for any part of the first calendar month, plus the current registration renewal fee for any part of any subsequent month up to 24 months.

Subd. 15. **Practicing without current APRN certification.** The fee for practicing without current APRN certification is $200 for the first month or any part thereof, plus $100 for each subsequent month or part thereof.

Subd. 16. **Dishonored check fee.** The service fee for a dishonored check is as provided in section 604.113.

Subd. 17. **Border state registry fee.** The initial application fee for border state registration is $50. Any subsequent notice of employment change to remain or be reinstated on the registry is $50.

Sec. 6. **[148.2855] NURSE LICENSURE COMPACT.**

The Nurse Licensure Compact is enacted into law and entered into with all other jurisdictions legally joining in it, in the form substantially as follows:

ARTICLE 1

DEFINITIONS

As used in this compact:

(a) "Adverse action" means a home or remote state action.

(b) "Alternative program" means a voluntary, nondisciplinary monitoring program approved by a nurse licensing board.

(c) "Coordinated licensure information system" means an integrated process for collecting, storing, and sharing information on nurse licensure and enforcement activities related to nurse licensure laws, which is administered by a nonprofit organization composed of and controlled by state nurse licensing boards.

(d) "Current significant investigative information" means:

(1) investigative information that a licensing board, after a preliminary inquiry that includes notification and an opportunity for the nurse to respond if required by state law, has reason to believe is not groundless and, if proved true, would indicate more than a minor infraction; or

(2) investigative information that indicates that the nurse represents an immediate threat to public health and safety regardless of whether the nurse has been notified and had an opportunity to respond.

(e) "Home state" means the party state which is the nurse's primary state of residence.

(f) "Home state action" means any administrative, civil, equitable, or criminal action permitted by the home state's laws which are imposed on a nurse by the home state's licensing board or other authority including actions against an individual's license such as revocation, suspension, probation, or any other action which affects a nurse's authorization to practice.

(g) "Licensing board" means a party state's regulatory body responsible for issuing nurse licenses.

(h) "Multistate licensure privilege" means current, official authority from a remote state permitting the practice of nursing as either a registered nurse or a licensed practical/vocational nurse in the party state. All party states have the authority, according to existing state due process law, to take actions against the nurse's privilege such as revocation, suspension, probation, or any other action which affects a nurse's authorization to practice.

(i) "Nurse" means a registered nurse or licensed practical/vocational nurse as those terms are defined by each party state's practice laws.

(j) "Party state" means any state that has adopted this compact.

(k) "Remote state" means a party state other than the home state:

(1) where the patient is located at the time nursing care is provided; or

(2) in the case of the practice of nursing not involving a patient, in the party state where the recipient of nursing practice is located.

(l) "Remote state action" means:

(1) any administrative, civil, equitable, or criminal action permitted by a remote state's laws which are imposed on a nurse by the remote state's licensing board or other authority including actions against an individual's multistate licensure privilege to practice in the remote state; and

(2) cease and desist and other injunctive or equitable orders issued by remote states or the licensing boards of those states.

(m) "State" means a state, territory, or possession of the United States, the District of Columbia, or the Commonwealth of Puerto Rico.

(n) "State practice laws" means individual party state laws and regulations that govern the practice of nursing, define the scope of nursing practice, and create the methods and grounds for imposing discipline. State practice laws does not include the initial qualifications for licensure or requirements necessary to obtain and retain a license, except for qualifications or requirements of the home state.

ARTICLE 2

GENERAL PROVISIONS AND JURISDICTION

(a) A license to practice registered nursing issued by a home state to a resident in that state will be recognized by each party state as authorizing a multistate licensure privilege to practice as a registered nurse in the party state. A license to practice licensed practical/vocational nursing issued by a home state to a resident in that state will be recognized by each party state as authorizing a multistate licensure privilege to practice as a licensed practical/vocational nurse in the party state. In order to obtain or retain a license, an applicant must meet the home state's qualifications for licensure and license renewal as well as all other applicable state laws.

(b) Party states may, according to state due process laws, limit or revoke the multistate licensure privilege of any nurse to practice in their state and may take any other actions under their applicable state laws necessary to protect the health and safety of their citizens. If a party state takes such action, it shall promptly notify the administrator of the coordinated licensure information system. The administrator of the coordinated licensure information system shall promptly notify the home state of any such actions by remote states.

(c) Every nurse practicing in a party state must comply with the state practice laws of the state in which the patient is located at the time care is rendered. In addition, the practice of nursing is not limited to patient care, but shall include all nursing practice as defined by the state practice laws of the party state. The practice of nursing will subject a nurse to the jurisdiction of the nurse licensing board, the courts, and the laws in the party state.

(d) This compact does not affect additional requirements imposed by states for advanced practice registered nursing. However, a multistate licensure privilege to practice registered nursing granted by a party state shall be recognized by other party states as a license to practice registered nursing if one is required by state law as a precondition for qualifying for advanced practice registered nurse authorization.

(e) Individuals not residing in a party state shall continue to be able to apply for nurse licensure as provided for under the laws of each party state. However, the license granted to these individuals will not be recognized as granting the privilege to practice nursing in any other party state unless explicitly agreed to by that party state.

ARTICLE 3

APPLICATIONS FOR LICENSURE IN A PARTY STATE

(a) Upon application for a license, the licensing board in a party state shall ascertain, through the coordinated licensure information system, whether the applicant has ever held or is the holder of a license issued by any other state, whether there are any restrictions on the multistate licensure privilege, and whether any other adverse action by a state has been taken against the license.

(b) A nurse in a party state shall hold licensure in only one party state at a time, issued by the home state.

(c) A nurse who intends to change primary state of residence may apply for licensure in the new home state in advance of the change. However, new licenses will not be issued by a party state until after a nurse provides evidence of change in primary state of residence satisfactory to the new home state's licensing board.

(d) When a nurse changes primary state of residence by:

(1) moving between two party states, and obtains a license from the new home state, the license from the former home state is no longer valid;

(2) moving from a nonparty state to a party state, and obtains a license from the new home state, the individual state license issued by the nonparty state is not affected and will remain in full force if so provided by the laws of the nonparty state; or

(3) moving from a party state to a nonparty state, the license issued by the prior home state converts to an individual state license, valid only in the former home state, without the multistate licensure privilege to practice in other party states.

ARTICLE 4

ADVERSE ACTIONS

In addition to the general provisions described in article 2, the provisions in this article apply.

(a) The licensing board of a remote state shall promptly report to the administrator of the coordinated licensure information system any remote state actions including the factual and legal basis for the action, if known. The licensing board of a remote state shall also promptly report any significant current investigative information yet to result in a remote state action. The administrator of the coordinated licensure information system shall promptly notify the home state of any reports.

(b) The licensing board of a party state shall have the authority to complete any pending investigation for a nurse who changes primary state of residence during the course of the investigation. The board shall also have the authority to take appropriate action, and shall promptly report the conclusion of the investigation to the administrator of the coordinated licensure information system. The administrator of the coordinated licensure information system shall promptly notify the new home state of any action.

(c) A remote state may take adverse action affecting the multistate licensure privilege to practice within that party state. However, only the home state shall have the power to impose adverse action against the license issued by the home state.

(d) For purposes of imposing adverse actions, the licensing board of the home state shall give the same priority and effect to reported conduct received from a remote state as it would if the conduct had occurred within the home state. In so doing, it shall apply its own state laws to determine appropriate action.

(e) The home state may take adverse action based on the factual findings of the remote state, provided each state follows its own procedures for imposing the adverse action.

(f) Nothing in this compact shall override a party state's decision that participation in an alternative program may be used in lieu of licensure action and that participation shall remain nonpublic if required by the party state's laws.

Party states must require nurses who enter any alternative programs to agree not to practice in any other party state during the term of the alternative program without prior authorization from the other party state.

ARTICLE 5

ADDITIONAL AUTHORITIES INVESTED IN

PARTY STATE NURSE LICENSING BOARDS

Notwithstanding any other laws, party state nurse licensing boards shall have the authority to:

(1) if otherwise permitted by state law, recover from the affected nurse the costs of investigation and disposition of cases resulting from any adverse action taken against that nurse;

(2) issue subpoenas for both hearings and investigations which require the attendance and testimony of witnesses, and the production of evidence. Subpoenas issued by a nurse licensing board in a party state for the attendance and testimony of witnesses, and the production of evidence from another party state, shall be enforced in the latter state by any court of competent jurisdiction according to the practice and procedure of that court applicable to subpoenas issued in proceedings pending before it. The issuing authority shall pay any witness fees, travel expenses, mileage, and other fees required by the service statutes of the state where the witnesses and evidence are located;

(3) issue cease and desist orders to limit or revoke a nurse's authority to practice in the nurse's state; and

(4) adopt uniform rules and regulations as provided for in article 7, paragraph (c).

ARTICLE 6

COORDINATED LICENSURE INFORMATION SYSTEM

(a) All party states shall participate in a cooperative effort to create a coordinated database of all licensed registered nurses and licensed practical/vocational nurses. This system shall include information on the licensure and disciplinary history of each nurse, as contributed by party states, to assist in the coordination of nurse licensure and enforcement efforts.

(b) Notwithstanding any other provision of law, all party states' licensing boards shall promptly report adverse actions, actions against multistate licensure privileges, any current significant investigative information yet to result in adverse action, denials of applications, and the reasons

for the denials to the coordinated licensure information system.

(c) Current significant investigative information shall be transmitted through the coordinated licensure information system only to party state licensing boards.

(d) Notwithstanding any other provision of law, all party states' licensing boards contributing information to the coordinated licensure information system may designate information that may not be shared with nonparty states or disclosed to other entities or individuals without the express permission of the contributing state.

(e) Any personally identifiable information obtained by a party state's licensing board from the coordinated licensure information system may not be shared with nonparty states or disclosed to other entities or individuals except to the extent permitted by the laws of the party state contributing the information.

(f) Any information contributed to the coordinated licensure information system that is subsequently required to be expunged by the laws of the party state contributing that information shall also be expunged from the coordinated licensure information system.

(g) The compact administrators, acting jointly with each other and in consultation with the administrator of the coordinated licensure information system, shall formulate necessary and proper procedures for the identification, collection, and exchange of information under this compact.

ARTICLE 7

COMPACT ADMINISTRATION AND

INTERCHANGE OF INFORMATION

(a) The head or designee of the nurse licensing board of each party state shall be the administrator of this compact for that state.

(b) The compact administrator of each party state shall furnish to the compact administrator of each other party state any information and documents including, but not limited to, a uniform data set of investigations, identifying information, licensure data, and disclosable alternative program participation information to facilitate the administration of this compact.

(c) Compact administrators shall have the authority to develop uniform rules to facilitate and coordinate implementation of this compact. These uniform rules shall be adopted by party states under the authority in article 5, clause (4).

ARTICLE 8

IMMUNITY

A party state or the officers, employees, or agents of a party state's nurse licensing board who acts in good faith according to the provisions of this compact shall not be liable for any act or omission while engaged in the performance of their duties under this compact. Good faith shall not include willful misconduct, gross negligence, or recklessness.

ARTICLE 9

ENACTMENT, WITHDRAWAL, AND AMENDMENT

(a) This compact shall become effective for each state when it has been enacted by that state. Any party state may withdraw from this compact by repealing the nurse licensure compact, but no withdrawal shall take effect until six months after the withdrawing state has given notice of the withdrawal to the executive heads of all other party states.

(b) No withdrawal shall affect the validity or applicability by the licensing boards of states remaining party to the compact of any report of adverse action occurring prior to the withdrawal.

(c) Nothing contained in this compact shall be construed to invalidate or prevent any nurse licensure agreement or other cooperative arrangement between a party state and a nonparty state that is made according to the other provisions of this compact.

(d) This compact may be amended by the party states. No amendment to this compact shall become effective and binding upon the party states until it is enacted into the laws of all party states.

ARTICLE 10

CONSTRUCTION AND SEVERABILITY

(a) This compact shall be liberally construed to effectuate the purposes of the compact. The provisions of this compact shall be severable and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any party state or of the United States or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability of it to any government, agency, person, or circumstance shall not be affected by it. If this compact is held contrary to the constitution of any party state, the compact shall remain in full force and effect for the remaining party states and in full force and effect for the party state affected as to all severable matters.

(b) In the event party states find a need for settling disputes arising under this compact:

(1) the party states may submit the issues in dispute to an arbitration panel which shall be comprised of an individual appointed by the compact administrator in the home state, an individual appointed by the compact administrator in the remote states involved, and an individual mutually agreed upon by the compact administrators of the party states involved in the dispute; and

(2) the decision of a majority of the arbitrators shall be final and binding.

Sec. 7. **[148.2856] APPLICATION OF NURSE LICENSURE COMPACT TO EXISTING LAWS.**

(a) A nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 shall have the same obligations, privileges, and rights as if the nurse was licensed in Minnesota. Notwithstanding any contrary provisions in section 148.2855, the Board of Nursing shall comply with and follow all laws and rules with respect to registered and licensed practical nurses practicing professional or practical nursing in Minnesota under the authority of section 148.2855, and all such individuals shall be governed and regulated as if they were licensed by the board.

(b) Section 148.2855 does not relieve employers of nurses from complying with statutorily imposed obligations.

(c) Section 148.2855 does not supersede existing state labor laws.

(d) For purposes of the Minnesota Government Data Practices Act, chapter 13, an individual not licensed as a nurse under sections 148.171 to 148.285 who practices professional or practical nursing in Minnesota under the authority of section 148.2855 is considered to be a licensee of the board.

(e) Uniform rules developed by the compact administrators shall not be subject to the provisions of sections 14.05 to 14.389, except for sections 14.07, 14.08, 14.101, 14.131, 14.18, 14.22, 14.23, 14.27, 14.28, 14.365, 14.366, 14.37, and 14.38.

(f) Proceedings brought against an individual's multistate privilege shall be adjudicated following the procedures listed in sections 14.50 to 14.62 and shall be subject to judicial review as provided for in sections 14.63 to 14.69.

(g) For purposes of sections 62M.09, subdivision 2; 121A.22, subdivision 4; 144.051; 144.052; 145A.02, subdivision 18; 148.975; 151.37; 152.12; 154.04; 256B.0917, subdivision 8; 595.02, subdivision 1, paragraph (g); 604.20, subdivision 5; and 631.40, subdivision 2; and chapters 319B and 364, holders of a multistate privilege who are licensed as registered or licensed practical nurses in the home state shall be considered to be licensees in Minnesota. If any of the statutes listed in this paragraph are limited to registered nurses or the practice of professional nursing, then only holders of a multistate privilege who are licensed as registered nurses in the home state shall be considered licensees.

(h) The reporting requirements of sections 144.4175, 148.263, 626.52, and 626.557 apply to individuals not licensed as registered or licensed practical nurses under sections 148.171 to 148.285 who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(i) The board may take action against an individual's multistate privilege based on the grounds listed in section 148.261, subdivision 1, and any other statute authorizing or requiring the board to take corrective or disciplinary action.

(j) The board may take all forms of disciplinary action provided for in section 148.262, subdivision 1, and corrective action provided for in section 214.103, subdivision 6, against an individual's multistate privilege.

(k) The immunity provisions of section 148.264, subdivision 1, apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(l) The cooperation requirements of section 148.265 apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(m) The provisions of section 148.283 shall not apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

(n) Complaints against individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855 shall be handled as provided in sections 214.10 and 214.103.

(o) All provisions of section 148.2855 authorizing or requiring the board to provide data to party states are authorized by section 214.10, subdivision 8, paragraph (d).

(p) Except as provided in section 13.41, subdivision 6, the board shall not report to a remote state any active investigative data regarding a complaint investigation against a nurse licensed under

sections 148.171 to 148.285, unless the board obtains reasonable assurances from the remote state that the data will be maintained with the same protections as provided in Minnesota law.

(q) The provisions of sections 214.17 to 214.25 apply to individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855 when the practice involves direct physical contact between the nurse and a patient.

(r) A nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 must comply with any criminal background check required under Minnesota law.

Sec. 8. **[148.2857] WITHDRAWAL FROM COMPACT.**

The governor may withdraw the state from the compact in section 148.2855 if the Board of Nursing notifies the governor that a party state to the compact changed the party state's requirements for nurse licensure after July 1, 2009, and that the party state's requirements, as changed, are substantially lower than the requirements for nurse licensure in this state.

Sec. 9. **[148.2858] MISCELLANEOUS PROVISIONS.**

(a) For the purposes of section 148.2855, "head of the Nurse Licensing Board" means the executive director of the board.

(b) The Board of Nursing shall have the authority to recover from a nurse practicing professional or practical nursing in Minnesota under the authority of section 148.2855 the costs of investigation and disposition of cases resulting from any adverse action taken against the nurse.

(c) The board may implement a system of identifying individuals who practice professional or practical nursing in Minnesota under the authority of section 148.2855.

Sec. 10. **[148.2859] NURSE LICENSURE COMPACT ADVISORY COMMITTEE.**

Subdivision 1. **Establishment; membership.** A Nurse Licensure Compact Advisory Committee is established to advise the compact administrator in the implementation of section 148.2855. Members of the advisory committee shall be appointed by the board and shall be composed of representatives of Minnesota nursing organizations, Minnesota licensed nurses who practice in nursing facilities or hospitals, Minnesota licensed nurses who provide home care, Minnesota licensed advanced practice registered nurses, and public members as defined in section 214.02.

Subd. 2. **Duties.** The advisory committee shall advise the compact administrator in the implementation of section 148.2855.

Subd. 3. **Organization.** The advisory committee shall be organized and administered under section 15.059.

Sec. 11. **[151.065] FEE AMOUNTS.**

Subdivision 1. **Application fees.** Application fees for licensure and registration are as follows:

(1) pharmacist licensed by examination, $130;

(2) pharmacist licensed by reciprocity, $225;

(3) pharmacy intern, $30;

(4) pharmacy technician, $30;

(5) pharmacy, $190;

(6) drug wholesaler, legend drugs only, $200;

(7) drug wholesaler, legend and nonlegend drugs, $200;

(8) drug wholesaler, nonlegend drugs, veterinary legend drugs, or both, $175;

(9) drug wholesaler, medical gases, $150;

(10) drug wholesaler, also licensed as a pharmacy in Minnesota, $125;

(11) drug manufacturer, legend drugs only, $200;

(12) drug manufacturer, legend and nonlegend drugs, $200;

(13) drug manufacturer, nonlegend or veterinary legend drugs, $175;

(14) drug manufacturer, medical gases, $150;

(15) drug manufacturer, also licensed as a pharmacy in Minnesota, $125;

(16) medical gas distributor, $75;

(17) controlled substance researcher, $50; and

(18) pharmacy professional corporation, $100.

Subd. 2. **Original license fees.** A pharmacist original licensure fee is $130.

Subd. 3. **Annual renewal fees.** Annual licensure and registration renewal fees are as follows:

(1) pharmacist, $130;

(2) pharmacy technician, $30;

(3) pharmacy, $190;

(4) wholesaler, legend drugs only, $200;

(5) wholesaler, legend and nonlegend drugs, $200;

(6) wholesaler, nonlegend drugs, veterinary legend drugs, or both, $175;

(7) wholesaler, medical gases, $150;

(8) wholesaler, also licensed as a pharmacy in Minnesota, $125;

(9) manufacturer, legend drugs only, $200;

(10) manufacturer, legend and nonlegend drugs, $200;

(11) manufacturer, nonlegend drugs, veterinary legend drugs, or both, $175;

(12) manufacturer, medical gases, $150;

(13) manufacturer, also licensed as a pharmacy in Minnesota, $125;

(14) medical gas distributor, $75;

(15) controlled substance researcher, $50; and

(16) pharmacy professional corporation, $45.

Subd. 4. **Miscellaneous fees.** Fees for issuance of affidavits and duplicate licenses and certificates are as follows:

(1) intern affidavit, $15;

(2) duplicate small license, $15; and

(3) duplicate large certificate, $25.

Subd. 5. **Late fees.** All annual renewal fees are subject to a 50 percent late fee if the renewal fee and application are not received by the board prior to the date specified by the board.

Subd. 6. **Reinstatement fees.** Reinstatement fees are as follows:

(1) pharmacists who have allowed their license to lapse may reinstate the license with board approval and upon payment of any fees and late fees in arrears, up to a maximum of $1,000;

(2) pharmacy technicians who have allowed their registration to lapse may reinstate the registration with board approval and upon payment of any fees and late fees in arrears, up to a maximum of $90;

(3) an owner of a pharmacy, drug wholesaler, drug manufacturer, or medical gas distributor who has allowed the license of the establishment to lapse may reinstate the license with board approval and upon payment of any fees and late fees in arrears;

(4) controlled substance researchers who have allowed their registration to lapse may reinstate the registration with board approval and upon payment of any fees and late fees in arrears; and

(5) pharmacist owners of a pharmacy professional corporation who have allowed the corporation's registration to lapse may reinstate the registration with board approval and upon payment of the fees and the late fees in arrears.

Sec. 12. Minnesota Statutes 2010, section 151.07, is amended to read:

151.07 MEETINGS; EXAMINATION FEE.

The board shall meet at times as may be necessary and as it may determine to examine applicants for licensure and to transact ~~its~~ other business, giving reasonable notice of all examinations by mail to known applicants therefor. The secretary shall record the names of all persons licensed by the board, together with the grounds upon which the right of each to licensure was claimed. The fee for examination shall be in ~~such~~ the amount ~~as the board may determine~~ specified in section 151.065, which fee may in the discretion of the board be returned to applicants not taking the examination.

Sec. 13. Minnesota Statutes 2010, section 151.101, is amended to read:

151.101 INTERNSHIP.

Upon payment of the fee specified in section 151.065, the board may ~~license~~ register as an intern any natural persons who have satisfied the board that they are of good moral character, not physically or mentally unfit, and who have successfully completed the educational requirements for intern ~~licensure~~ registration prescribed by the board. The board shall prescribe standards and requirements for interns, pharmacist-preceptors, and internship training but may not require more than one year of such training.

The board in its discretion may accept internship experience obtained in another state provided the internship requirements in such other state are in the opinion of the board equivalent to those herein provided.

Sec. 14. Minnesota Statutes 2010, section 151.102, is amended by adding a subdivision to read:

Subd. 3. **Registration fee.** The board shall not register an individual as a pharmacy technician unless all applicable fees in section 151.065 have been paid.

Sec. 15. Minnesota Statutes 2010, section 151.12, is amended to read:

151.12 RECIPROCITY; LICENSURE.

The board may in its discretion grant licensure without examination to any pharmacist licensed by the Board of Pharmacy or a similar board of another state which accords similar recognition to licensees of this state; provided, the requirements for licensure in such other state are in the opinion of the board equivalent to those herein provided. The fee for licensure shall be in ~~such~~ the amount ~~as the board may determine by rule~~ specified in section 151.065.

Sec. 16. Minnesota Statutes 2010, section 151.13, subdivision 1, is amended to read:

Subdivision 1. **Renewal fee.** Every person licensed by the board as a pharmacist shall pay to the board ~~a~~ the annual renewal fee ~~to be fixed by it~~ specified in section 151.065. The board may ~~promulgate by rule a~~ charge ~~to be assessed for the delinquent payment of a fee~~ the late fee specified in section 151.065 if the renewal fee and application are not received by the board prior to the date specified by the board. It shall be unlawful for any person licensed as a pharmacist who refuses or fails to pay ~~such~~ any applicable renewal or late fee to practice pharmacy in this state. Every certificate and license shall expire at the time therein prescribed.

Sec. 17. Minnesota Statutes 2010, section 151.19, is amended to read:

151.19 REGISTRATION; FEES.

Subdivision 1. **Pharmacy registration.** The board shall require and provide for the annual registration of every pharmacy now or hereafter doing business within this state. Upon the payment of ~~a~~ any applicable fee ~~to be set by the board~~ in section 151.065, the board shall issue a registration certificate in such form as it may prescribe to such persons as may be qualified by law to conduct a pharmacy. Such certificate shall be displayed in a conspicuous place in the pharmacy for which it is issued and expire on the 30th day of June following the date of issue. It shall be unlawful for any person to conduct a pharmacy unless such certificate has been issued to the person by the board.

Subd. 2. **Nonresident pharmacies.** The board shall require and provide for an annual nonresident special pharmacy registration for all pharmacies located outside of this state that

regularly dispense medications for Minnesota residents and mail, ship, or deliver prescription medications into this state. Nonresident special pharmacy registration shall be granted by the board upon payment of any applicable fee in section 151.065 and the disclosure and certification by a pharmacy:

(1) that it is licensed in the state in which the dispensing facility is located and from which the drugs are dispensed;

(2) the location, names, and titles of all principal corporate officers and all pharmacists who are dispensing drugs to residents of this state;

(3) that it complies with all lawful directions and requests for information from the Board of Pharmacy of all states in which it is licensed or registered, except that it shall respond directly to all communications from the board concerning emergency circumstances arising from the dispensing of drugs to residents of this state;

(4) that it maintains its records of drugs dispensed to residents of this state so that the records are readily retrievable from the records of other drugs dispensed;

(5) that it cooperates with the board in providing information to the Board of Pharmacy of the state in which it is licensed concerning matters related to the dispensing of drugs to residents of this state;

(6) that during its regular hours of operation, but not less than six days per week, for a minimum of 40 hours per week, a toll-free telephone service is provided to facilitate communication between patients in this state and a pharmacist at the pharmacy who has access to the patients' records; the toll-free number must be disclosed on the label affixed to each container of drugs dispensed to residents of this state; and

(7) that, upon request of a resident of a long-term care facility located within the state of Minnesota, the resident's authorized representative, or a contract pharmacy or licensed health care facility acting on behalf of the resident, the pharmacy will dispense medications prescribed for the resident in unit-dose packaging or, alternatively, comply with the provisions of section 151.415, subdivision 5.

Subd. 3. **Sale of federally restricted medical gases.** The board shall require and provide for the annual registration of every person or establishment not licensed as a pharmacy or a practitioner engaged in the retail sale or distribution of federally restricted medical gases. Upon the payment of ~~a~~ any applicable fee ~~to be set by the board~~ specified in section 151.065, the board shall issue a registration certificate in such form as it may prescribe to those persons or places that may be qualified to sell or distribute federally restricted medical gases. The certificate shall be displayed in a conspicuous place in the business for which it is issued and expire on the date set by the board. It is unlawful for a person to sell or distribute federally restricted medical gases unless a certificate has been issued to that person by the board.

Sec. 18. Minnesota Statutes 2010, section 151.25, is amended to read:

151.25 REGISTRATION OF MANUFACTURERS; FEE; PROHIBITIONS.

The board shall require and provide for the annual registration of every person engaged in manufacturing drugs, medicines, chemicals, or poisons for medicinal purposes, now or hereafter

doing business with accounts in this state. Upon a payment of ~~a~~ any applicable fee ~~as set by the board~~ in section 151.065, the board shall issue a registration certificate in such form as it may prescribe to such manufacturer. Such registration certificate shall be displayed in a conspicuous place in such manufacturer's or wholesaler's place of business for which it is issued and expire on the date set by the board. It shall be unlawful for any person to manufacture drugs, medicines, chemicals, or poisons for medicinal purposes unless such a certificate has been issued to the person by the board. It shall be unlawful for any person engaged in the manufacture of drugs, medicines, chemicals, or poisons for medicinal purposes, or the person's agent, to sell legend drugs to other than a pharmacy, except as provided in this chapter.

Sec. 19. Minnesota Statutes 2010, section 151.47, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** All wholesale drug distributors are subject to the requirements in paragraphs (a) to (f).

(a) No person or distribution outlet shall act as a wholesale drug distributor without first obtaining a license from the board and paying ~~the required~~ any applicable fee specified in section 151.065.

(b) No license shall be issued or renewed for a wholesale drug distributor to operate unless the applicant agrees to operate in a manner prescribed by federal and state law and according to the rules adopted by the board.

(c) The board may require a separate license for each facility directly or indirectly owned or operated by the same business entity within the state, or for a parent entity with divisions, subsidiaries, or affiliate companies within the state, when operations are conducted at more than one location and joint ownership and control exists among all the entities.

(d) As a condition for receiving and retaining a wholesale drug distributor license issued under sections 151.42 to 151.51, an applicant shall satisfy the board that it has and will continuously maintain:

(1) adequate storage conditions and facilities;

(2) minimum liability and other insurance as may be required under any applicable federal or state law;

(3) a viable security system that includes an after hours central alarm, or comparable entry detection capability; restricted access to the premises; comprehensive employment applicant screening; and safeguards against all forms of employee theft;

(4) a system of records describing all wholesale drug distributor activities set forth in section 151.44 for at least the most recent two-year period, which shall be reasonably accessible as defined by board regulations in any inspection authorized by the board;

(5) principals and persons, including officers, directors, primary shareholders, and key management executives, who must at all times demonstrate and maintain their capability of conducting business in conformity with sound financial practices as well as state and federal law;

(6) complete, updated information, to be provided to the board as a condition for obtaining and retaining a license, about each wholesale drug distributor to be licensed, including all pertinent corporate licensee information, if applicable, or other ownership, principal, key personnel, and

facilities information found to be necessary by the board;

(7) written policies and procedures that assure reasonable wholesale drug distributor preparation for, protection against, and handling of any facility security or operation problems, including, but not limited to, those caused by natural disaster or government emergency, inventory inaccuracies or product shipping and receiving, outdated product or other unauthorized product control, appropriate disposition of returned goods, and product recalls;

(8) sufficient inspection procedures for all incoming and outgoing product shipments; and

(9) operations in compliance with all federal requirements applicable to wholesale drug distribution.

(e) An agent or employee of any licensed wholesale drug distributor need not seek licensure under this section.

(f) A wholesale drug distributor shall file with the board an annual report, in a form and on the date prescribed by the board, identifying all payments, honoraria, reimbursement or other compensation authorized under section 151.461, clauses (3) to (5), paid to practitioners in Minnesota during the preceding calendar year. The report shall identify the nature and value of any payments totaling $100 or more, to a particular practitioner during the year, and shall identify the practitioner. Reports filed under this provision are public data.

Sec. 20. Minnesota Statutes 2010, section 151.48, is amended to read:

151.48 OUT-OF-STATE WHOLESALE DRUG DISTRIBUTOR LICENSING.

(a) It is unlawful for an out-of-state wholesale drug distributor to conduct business in the state without first obtaining a license from the board and paying ~~the required~~ any applicable fee in section 151.065.

(b) Application for an out-of-state wholesale drug distributor license under this section shall be made on a form furnished by the board.

(c) No person acting as principal or agent for any out-of-state wholesale drug distributor may sell or distribute drugs in the state unless the distributor has obtained a license.

(d) The board may adopt regulations that permit out-of-state wholesale drug distributors to obtain a license on the basis of reciprocity to the extent that an out-of-state wholesale drug distributor:

(1) possesses a valid license granted by another state under legal standards comparable to those that must be met by a wholesale drug distributor of this state as prerequisites for obtaining a license under the laws of this state; and

(2) can show that the other state would extend reciprocal treatment under its own laws to a wholesale drug distributor of this state.

Sec. 21. Minnesota Statutes 2010, section 152.12, subdivision 3, is amended to read:

Subd. 3. **Research project use of controlled substances.** Any qualified person may use controlled substances in the course of a bona fide research project but cannot administer or dispense such drugs to human beings unless such drugs are prescribed, dispensed and administered by a

person lawfully authorized to do so. Every person who engages in research involving the use of such substances shall apply annually for registration by the state Board of Pharmacy and shall pay any applicable fee specified in section 151.065, provided that such registration shall not be required if the person is covered by and has complied with federal laws covering such research projects.

Sec. 22. **[214.107] HEALTH-RELATED LICENSING BOARDS ADMINISTRATIVE SERVICES UNIT.**

Subdivision 1. **Establishment.** An administrative services unit is established for the health-related licensing boards in section 214.01, subdivision 2, to perform administrative, financial, and management functions common to all the boards in a manner that streamlines services, reduces expenditures, targets the use of state resources, and meets the mission of public protection.

Subd. 2. **Authority.** The administrative services unit shall act as an agent of the boards.

Subd. 3. **Funding.** (a) The administrative service unit shall apportion among the health-related licensing boards an amount to be paid through an interagency agreement between each respective board and the administrative services unit. The amount apportioned to each board shall equal each board's share of the annual operating costs for the unit and shall be paid from each board's appropriation.

(b) The administrative services unit may receive and expend reimbursements for services performed for other agencies.

Sec. 23. **EFFECTIVE DATE.**

Sections 6 to 10 are effective upon implementation of the coordinated licensure information system defined in Minnesota Statutes, section 148.2855, but no sooner than July 1, 2012.

ARTICLE 8

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.

	2012	**2013**	**Total**
General	$ 5,566,399,000	$ 5,396,137,000	$ 10,962,536,000
State Government Special Revenue	66,299,000	66,142,000	132,441,000
Health Care Access	304,207,000	293,893,000	598,100,000
Federal TANF	264,658,000	250,081,000	514,739,000
Lottery Prize	1,665,000	1,665,000	3,330,000
Total	**$ 6,203,228,000**	**$ 6,007,918,000**	**$ 12,211,146,000**

Sec. 2. **HUMAN SERVICES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

	APPROPRIATIONS Available for the Year Ending June 30	
	2012	**2013**

Sec. 3. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** **$ 6,061,465,000 $ 5,872,659,000**

Appropriations by Fund	2012	2013
General	5,498,253,000	5,332,690,000
State Government Special Revenue	3,565,000	3,565,000
Health Care Access	293,324,000	284,658,000
Federal TANF	264,658,000	250,081,000
Lottery Prize Fund	1,665,000	1,665,000

Receipts for Systems Projects. Appropriations and federal receipts for information systems projects for MAXIS, PRISM, MMIS, and SSIS must be deposited in the state systems 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 management and budget, may be transferred from one project to another and from development to operations as the commissioner of human services considers necessary. Any unexpended balance in the appropriation for these projects does not cancel but is available for ongoing development and operations.

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) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671; and

(6) 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 assure that the maintenance of effort used by the commissioner of management and budget 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) 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.

(e) Notwithstanding any contrary provision in this article, paragraph (a), clauses (1) to (6), and paragraphs (b) to (d), expire June 30, 2015.

Working Family Credit Expenditures as TANF/MOE. The commissioner may claim as TANF maintenance of effort up to $6,707,000 per year of working family credit expenditures for fiscal years 2012 and 2013.

Working Family Credit Expenditures to be Claimed for TANF/MOE. The commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

(1) fiscal year 2012, $12,037,000;

(2) fiscal year 2013, $29,942,000;

(3) fiscal year 2014, $23,235,000; and

(4) fiscal year 2015, $23,198,000.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2015.

Food Stamps Employment and Training Funds. (a) Notwithstanding Minnesota

Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal food stamps employment and training funds received as reimbursement for child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to $500,000 per year in fiscal years 2012 through 2015, contingent upon approval by the federal Food and Nutrition Service.

(b) 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, 2015.

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.

Supplemental Security Interim Assistance Reimbursement Funds. $2,800,000 of uncommitted revenue available to the commissioner of human services for SSI advocacy and outreach services must be transferred to and deposited into the general fund by October 1, 2011.

Transfer. By June 30, 2013, the commissioner must transfer $109,303,000 from the health care access fund to the general fund.

Subd. 2. **Central Office Operations**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **Operations**

	Appropriations by Fund	
General	68,187,000	66,563,000

State Government Special Revenue	3,440,000	3,440,000
Health Care Access	11,508,000	11,508,000
Federal TANF	222,000	222,000

DHS Receipt Center Accounting. The commissioner is authorized to transfer appropriations to, and account for DHS receipt center operations in, the special revenue fund.

Human Services Licensing Activities. $3,000,000 each year of the biennium is appropriated from the state government special revenue fund to the commissioner for human services licensing activities under Minnesota Statutes, chapter 245A.

Child Support Cost Recovery Fees. The commissioner shall transfer $31,000 of child support cost recovery fees collected in fiscal year 2012 to the PRISM special revenue account to offset PRISM system costs of implementing the fee.

Base Level Adjustment. The general fund base is increased by $79,000 in fiscal year 2014 only.

(b) **Children and Families**

	Appropriations by Fund	
General	9,474,000	9,227,000
Federal TANF	2,160,000	2,160,000

Financial Institution Data Match and Payment of Fees. The commissioner is authorized to allocate up to $310,000 each year in fiscal years 2012 and 2013 from the PRISM special revenue account to make payments to financial institutions in exchange for performing data matches between account information held by financial institutions and the public authority's database of child support obligors as authorized by Minnesota Statutes, section 13B.06, subdivision 7.

(c) **Health Care**

	Appropriations by Fund	
General	16,203,000	16,195,000
Health Care Access	23,115,000	23,758,000

Minnesota Senior Health Options Reimbursement. Federal administrative reimbursement resulting from the Minnesota senior health options project is appropriated to the commissioner for this activity.

Utilization Review. Federal administrative reimbursement resulting from prior authorization and inpatient admission certification by a professional review organization shall be dedicated to the commissioner for these purposes. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

Base Level Adjustment. The general fund base is decreased by $13,000 in fiscal year 2014 and decreased by $125,000 in fiscal year 2015.

(d) **Continuing Care**

	Appropriations by Fund	
General	17,433,000	17,339,000
State Government Special Revenue	125,000	125,000

Base Level Adjustment. The general fund base is decreased by $587,000 in fiscal year 2014 and decreased by $687,000 in fiscal year 2015.

(e) **Chemical and Mental Health**

	Appropriations by Fund	
General	4,194,000	4,194,000
Lottery Prize	157,000	157,000

Subd. 3. **Forecasted Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **MFIP/DWP Grants**

	Appropriations by Fund			
General	75,140,000	78,040,000		
Federal TANF	84,425,000	75,417,000		
(b) **MFIP Child Care Assistance Grants**			65,544,000	58,908,000
(c) **Adult Assistance**			44,610,000	44,610,000
(d) **Minnesota Supplemental Aid Grants**			33,270,000	33,554,000
(e) **Group Residential Housing Grants**			121,080,000	129,238,000
(f) **MinnesotaCare Grants**			255,629,000	242,742,000

This appropriation is from the health care access fund.

(g) **GAMC Grants**			225,000,000	225,000,000

(h) **Medical Assistance Grants**

	Appropriations by Fund	
General	4,160,632,000	3,968,969,000
Health Care Access	2,882,000	6,460,000

Manage Elderly Waiver Growth. Beginning July 1, 2011, and ending on June 30, 2013, the commissioner shall manage the elderly waiver so that the number of people does not exceed the number on June 30, 2011.

Manage Growth in TBI and CADI Waivers. During the fiscal years beginning on July 1, 2011, and July 1, 2012, 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 no additional allocations per month each year of the biennium and the CADI waiver to no additional allocations per month each year of the biennium. For the TBI waiver and the CADI waiver, the commissioner may reuse existing allocations. 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 to no additional diversion allocations each month for the calendar years that begin on January 1, 2012, and January 1, 2013. Existing allocations may be reused and 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."

Reduction of Rates for Congregate Living for Individuals with Lower Needs. Beginning October 1, 2011, lead agencies must reduce rates in effect on January 1, 2011, by ten percent for individuals with lower needs living in foster care settings where the licenseholder does not share the residence with recipients on the community alternatives for disabled individuals (CADI),

developmental disabilities (DD), and traumatic brain injury (TBI) waivers and customized living settings for CADI and TBI. Beginning July 1, 2013, the rate in effect on January 1, 2011, must be reduced by 15 percent. This reduction may include a reduction or other modification in services. Lead agencies must adjust contracts within 60 days of the effective date.

Reduction of Lead Agency Waiver Allocations to Implement Rate Reductions for Congregate Living for Individuals with Lower Needs. Beginning October 1, 2011, the commissioner shall reduce lead agency waiver allocations to implement the reduction of rates for individuals with lower needs living in foster care settings where the licenseholder does not share the residence with recipients on the community alternatives for disabled individuals (CADI), developmental disabilities (DD), and traumatic brain injury (TBI) waivers and customized living settings for CADI and TBI.

Local Planning Grants for Creating Alternatives to Congregate Living for Individuals with Lower Needs. The commissioner shall make available a total of $250,000 per year in local planning grants, beginning July 1, 2011, to assist lead agencies and provider organizations in developing alternatives to congregate living within the available level of resources for the home and community-based services waivers for persons with disabilities.

Managed Care Incentive Payments. The commissioner shall not make managed care incentive payments for expanding preventive services. This provision does not expire.

Nonadministrative Rate Reduction. For services rendered on or after January 1, 2012, 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, for nonadministrative services, excluding elderly waiver services, by 2.75 percent.

(i) **Alternative Care Grants** 45,727,000 47,877,000

Alternative Care Transfer. Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

(j) **Chemical Dependency Entitlement Grants** 105,058,000 123,774,000

Subd. 4. **Grant Programs**

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) **Support Services Grants**

	Appropriations by Fund	
General	8,715,000	8,715,000
Federal TANF	110,525,000	104,611,000

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 year 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.

(b) **Basic Sliding Fee Child Care Assistance Grants** 37,192,000 38,428,000

Child Care and Development Fund Unexpended Balance. In addition to

the amount provided in this section, the commissioner shall expend $5,000,000 in fiscal year 2012 from the federal child care and 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.

Base Level Adjustment. The general fund base is decreased by $1,041,000 in fiscal year 2014 and decreased by $1,036,000 in fiscal year 2015.

(c) **Child Care Development Grants**	147,000	147,000
(d) **Child Support Enforcement Grants**	50,000	50,000

Federal Child Support Demonstration Grants. Federal administrative reimbursement resulting from the federal child support grant expenditures authorized under section 1115a of the Social Security Act is appropriated to the commissioner for this activity.

(e) **Children's Services Grants**

	Appropriations by Fund	
General	34,701,000	34,701,000
Federal TANF	140,000	140,000

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.

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 2012 and fiscal year 2013 for adoption incentive grants are appropriated to the commissioner for these purposes.

(f) **Children and Community Services Grants**	54,301,000	52,301,000
(g) **Children and Economic Support Grants**	10,892,000	10,894,000

Base Level Adjustment. The general fund base is decreased by $1,000 in fiscal year 2014 only.

(h) **Health Care Grants**	190,000	190,000

This appropriation is from the health care access fund.

Surplus Appropriation Canceled. Of the health care access fund appropriation in Laws 2009, chapter 79, article 13, section 3, subdivision 6, paragraph (e), for the COBRA premium state subsidy program, $11,750,000 must be canceled in fiscal year 2011. This provision is effective the day following final enactment.

(i) **Aging and Adult Services Grants**	15,882,000	16,288,000

Aging Grants Reduction. Effective July 1, 2011, 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. These reductions are onetime and do not affect base funding for the 2014-2015 biennium. Grants made during the 2012-2013 biennium under Minnesota Statutes, section 256B.9754, must not be used for new construction or building renovation.

Base Level Adjustment. The general fund base is increased by $3,600,000 in fiscal year 2014 and increased by $3,600,000 in fiscal year 2015.

(j) **Deaf and Hard-of-Hearing Grants**	1,679,000	1,510,000

Deaf and Hard-of-Hearing Grants Reduction. Deaf and hard-of-hearing grants are reduced by $257,000 in fiscal year 2012 and $257,000 in fiscal year 2013.

(k) **Disabilities Grants** 13,181,000 16,358,000

HIV Grants. The general fund appropriation for the HIV drug and insurance grant program shall be reduced by $2,425,000 in fiscal year 2012 and increased by $2,425,000 in fiscal year 2014. These adjustments are onetime and shall not be applied to the base. Notwithstanding any contrary provision, this provision expires June 30, 2014.

Personal Care Assistance Funding. Of the appropriation for grants to provide alternatives for those recipients losing access to personal care assistance services on July 1, 2011, due to the 2009 personal care assistance legislative changes, and $3,237,000 in fiscal year 2012 and $4,856,000 in fiscal year 2013 is transferred from the disabilities grants budget activity to the appropriation for medical assistance grants.

Base Level Adjustment. The general fund base is increased by $2,425,000 in fiscal year 2014 only.

(l) **Adult Mental Health Grants**

	Appropriations by Fund	
General	69,143,000	69,143,000
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.

(m) **Children's Mental Health Grants** 7,044,000 7,044,000

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.

(n) **Chemical Dependency Nonentitlement Grants**	1,336,000	1,336,000

Subd. 5. **State-Operated Services**

Transfer Authority Related to State-Operated Services. Money appropriated for state-operated services may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

(a) **State-Operated Services Mental Health**	115,286,000	115,135,000

The commissioner shall close the Community Behavioral Health Hospital-Willmar on or before June 30, 2011. The commissioner shall relocate the Child and Adolescent Behavioral Health Hospital located in the former Willmar Regional Treatment Center to the facility previously housing the Community Behavioral Health Hospital-Willmar.

(b) **Minnesota Security Hospital**	69,582,000	69,582,000
Subd. 6. **Sex Offender Program**	67,570,000	67,570,000

Transfer Authority Related to Minnesota Sex Offender Program. Money appropriated for the Minnesota sex offender program may be transferred between fiscal years of the biennium with the approval of the commissioner of management and budget.

Subd. 7. **Technical Activities**	67,186,000	67,531,000

This appropriation is from the federal TANF fund.

Base Level Adjustment. The TANF fund base is increased by $357,000 in fiscal year 2014 and increased by $784,000 in fiscal year 2015.

Sec. 4. **COMMISSIONER OF HEALTH**

Subdivision 1. **Total Appropriation**	**$ 119,111,000**	**$ 112,821,000**

	Appropriations by Fund	
	2012	2013
General	62,960,000	58,261,000
State Government Special Revenue	45,268,000	45,325,000
Health Care Access	10,883,000	9,235,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Community and Family Health Promotion**

	Appropriations by Fund	
General	38,728,000	34,031,000
State Government Special Revenue	1,033,000	1,033,000
Health Care Access	1,719,000	1,719,000

Subd. 3. **Policy Quality and Compliance**

	Appropriations by Fund	
General	9,190,000	9,190,000
State Government Special Revenue	14,026,000	14,083,000
Health Care Access	9,164,000	7,516,000

Medical Education and Research Costs (MERC) Fund Transfers. The commissioner of management and budget shall transfer $9,800,000 from the MERC fund to the general fund by October 1, 2011.

Unused Federal Match Funds. Of the funds appropriated in Laws 2009, chapter 79, article 13, section 4, subdivision 3, for state matching funds for the federal Health Information Technology for Economic and Clinical Health Act, $2,800,000 is transferred to the health care access fund by October 1, 2011.

Loan Forgiveness. $1,014,000 is appropriated from the health care access

fund in fiscal year 2012 for the department to fulfill existing obligations of loan forgiveness agreements. This funding is available through fiscal year 2014. In addition, prior year funds appropriated for loan forgiveness and required to fulfill existing obligations do not expire and are available until expended.

Base Level Adjustment. The state government special revenue fund base shall be reduced by $141,000 in fiscal years 2014 and 2015. The health care access base shall be increased by $600,000 in fiscal year 2014 only.

Subd. 4. **Health Protection**

	Appropriations by Fund			
General	8,891,000	8,891,000		
State Government Special Revenue	30,209,000	30,209,000		
Subd. 5. **Administrative Support Services**			6,151,000	6,149,000

Sec. 5. **HEALTH-RELATED BOARDS**

Subdivision 1. **Total Appropriation**		**$**	**17,466,000**	**$** **17,252,000**

This appropriation is from the state government special revenue fund.

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Board of Chiropractic Examiners**			453,0000	453,000
Subd. 3. **Board of Dentistry**			1,829,000	1,814,000

Health Professional Services Program. Of this appropriation, $704,000 in fiscal year 2012 and $704,000 in fiscal year 2013 from the state government special revenue fund are for the health professional services program.

Subd. 4. **Board of Dietetic and Nutrition Practice**			105,000	105,000

Subd. 5.	**Board of Marriage and Family Therapy**	184,000	159,000
Subd. 6.	**Board of Medical Practice**	3,682,000	3,682,000
Subd. 7.	**Board of Nursing**	3,694,000	3,551,000
Subd. 8.	**Board of Nursing Home Administrators**	2,153,000	2,145,000

Administrative Services Unit - Operating Costs. Of this appropriation, $526,000 in fiscal year 2012 and $526,000 in fiscal year 2013 are for the 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 2012, $225,000 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, $150,000 in fiscal year 2012 and $150,000 in fiscal year 2013 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 2012 and $200,000 in fiscal year 2013 are for costs of contested case hearings and other unanticipated costs of legal proceedings involving health-related boards funded under this section. 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 management and budget. This appropriation does not cancel. Any unencumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

The state government special revenue fund base is reduced by $1,011,000 in fiscal years 2014 and 2015.

Subd. 9. **Board of Optometry**	101,000	101,000
Subd. 10. **Board of Pharmacy**	2,341,000	2,344,000

Prescription Electronic Reporting. Of this appropriation, $356,000 in fiscal year 2012 and $356,000 in fiscal year 2013 from the state government special revenue fund are 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 2014 shall be $356,000.

Subd. 11. **Board of Physical Therapy**	389,000	345,000
Subd. 12. **Board of Podiatry**	71,000	71,000
Subd. 13. **Board of Psychology**	806,000	806,000
Subd. 14. **Board of Social Work**	1,036,000	1,053,000
Subd. 15. **Board of Veterinary Medicine**	228,000	229,000
Subd. 16. **Board of Behavioral Health and Therapy**	394,000	394,000
Sec. 6. **COUNCIL ON DISABILITY**	**$ 524,000**	**$ 524,000**
Sec. 7. **OMBUDSMAN FOR MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES**	**$ 1,655,000**	**$ 1,655,000**
Sec. 8. **OMBUDSPERSON FOR FAMILIES**	**$ 265,000**	**$ 265,000**
Sec. 9. **EMERGENCY MEDICAL SERVICES BOARD**	**$ 2,742,000**	**$ 2,742,000**

Of the appropriation, $700,000 in fiscal year 2012 and $700,000 in fiscal year 2013 are for the Cooper/Sams volunteer ambulance program under Minnesota Statutes, section 144E.40.

Sec. 10. Minnesota Statutes 2010, section 256.01, is amended by adding a subdivision to read:

Subd. 33. **Federal administrative reimbursement dedicated.** Federal administrative reimbursement resulting from the following activities is appropriated to the commissioner for the designated purposes:

(1) reimbursement for the Minnesota senior health options project; and

(2) reimbursement related to prior authorization and inpatient admission certification by a professional review organization. A portion of these funds must be used for activities to decrease unnecessary pharmaceutical costs in medical assistance.

Sec. 11. Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6, is amended to read:

Subd. 6. **Continuing Care Grants**

(a) **Aging and Adult Services Grants**	(3,600,000)	(3,600,000)

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 $5,807,000 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)	(2,745,000)

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)	(5,807,000)

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~~ eliminated. Notwithstanding any law to the contrary, this provision does not expire.

(d) **Adult Mental Health Grants**	(5,000,000)	-0-
(e) **Chemical Dependency Entitlement Grants**	(3,622,000)	(3,622,000)
(f) **Chemical Dependency Nonentitlement Grants**	(393,000)	(393,000)
(g) **Other Continuing Care Grants**	-0-	~~(2,500,000)~~ (1,414,000)

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.

(h) **Deaf and Hard-of-Hearing Grants**	-0-	(169,000)

Deaf and Hard-of-Hearing Grants Delay. Effective retroactively from July 1, 2010, deaf and hard-of-hearing 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.

Sec. 12. **TRANSFERS.**

Subdivision 1. **Grants.** The commissioner of human services, with the approval of the commissioner of management and budget, and after notification of the chairs of the senate health and human services budget and policy committee and the house of representatives health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2013, within fiscal years among the MFIP; general assistance; general assistance medical care under Minnesota Statutes, section 256D.03, subdivision 3; medical assistance; MFIP child care assistance under Minnesota Statutes, section 119B.05; Minnesota supplemental aid; and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

Subd. 2. **Administration.** Positions, salary money, and nonsalary administrative money may be transferred within the Departments of Health and Human Services as the commissioners consider necessary, with the advance approval of the commissioner of management and budget. The commissioner shall inform the chairs of the senate health and human services budget and policy committee and the house of representatives health and human services finance committee quarterly about transfers made under this provision.

Sec. 13. **INDIRECT COSTS NOT TO FUND PROGRAMS.**

The commissioners of health and human services shall not use indirect cost allocations to pay for the operational costs of any program for which they are responsible.

Sec. 14. **EXPIRATION OF UNCODIFIED LANGUAGE.**

All uncodified language contained in this article expires on June 30, 2013, unless a different expiration date is explicit.

Sec. 15. **EFFECTIVE DATE.**

The provisions in this article are effective July 1, 2011, unless a different effective date is specified.

ARTICLE 9

HUMAN SERVICES FORECAST ADJUSTMENTS

Section 1. **DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT APPROPRIATIONS.**

The sums shown are added to, or if shown in parentheses, are subtracted from the appropriations in Laws 2009, chapter 79, article 13, as amended by Laws 2009, chapter 173, article 2; Laws 2010, First Special Session chapter 1, articles 15, 23, and 25; and Laws 2010, Second Special Session chapter 1, article 3, to the commissioner of human services and for the purposes specified in this

article. The appropriations are from the general fund or another named fund and are available for the fiscal year indicated for each purpose. The figure "2011" used in this article means that the appropriation or appropriations listed are available for the fiscal year ending June 30, 2011.

Sec. 2. **COMMISSIONER OF HUMAN SERVICES**

Subdivision 1. **Total Appropriation** **$ (235,463,000)**

Appropriations by Fund

	2011
General	(381,869,000)
Health Care Access	169,514,000
Federal TANF	(23,108,000)

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Revenue and Pass-through** **732,000**

This appropriation is from the federal TANF fund.

Subd. 3. **Children and Economic Assistance Grants**

Appropriations by Fund

General	(7,098,000)
Federal TANF	(23,840,000)

(a) **MFIP/DWP Grants**

Appropriations by Fund

General	18,715,000
Federal TANF	(23,840,000)

(b) **MFIP Child Care Assistance Grants** (24,394,000)

(c) **General Assistance Grants** (664,000)

(d) **Minnesota Supplemental Aid Grants** 793,000

(e) **Group Residential Housing Grants** (1,548,000)

Subd. 4. **Basic Health Care Grants**

	Appropriations by Fund	
General	(335,050,000)	
Health Care Access	169,514,000	

(a) **MinnesotaCare Grants** 169,514,000

This appropriation is from the health care access fund.

(b) **Medical Assistance Basic Health Care - Families and Children** (49,368,000)

(c) **Medical Assistance Basic Health Care - Elderly and Disabled** (43,258,000)

(d) **Medical Assistance Basic Health Care - Adults without Children** (242,424,000)

Subd. 5. **Continuing Care Grants** (39,721,000)

(a) **Medical Assistance Long-Term Care Facilities** (14,627,000)

(b) **Medical Assistance Long-Term Care Waivers** (44,718,000)

(c) **Chemical Dependency Entitlement Grants** 19,624,000

Sec. 3. Laws 2010, First Special Session chapter 1, article 25, section 3, subdivision 6, is amended to read:

Subd. 6. **Health Care Grants**

(a) **MinnesotaCare Grants** 998,000 (13,376,000)

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 the following amounts in the following years from the health care access fund to the general fund: ~~$998,000~~ $0 in fiscal year 2010; ~~$176,704,000~~ $59,901,000 in fiscal year 2011; $141,041,000 in fiscal year 2012; and $286,150,000 in fiscal year 2013. If at any time the governor issues an executive order not to participate in early medical assistance

expansion, no funds shall be transferred from the health care access fund to the general fund until early medical assistance expansion takes effect. This paragraph is effective the day following final enactment.

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- 295,512,000

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-	(30,265,000)
		~~(75,389,000)~~
(d) **General Assistance Medical Care Grants**	-0-	(59,583,000)

The reduction to general assistance medical care grants is contingent upon the effective date in Laws 2010, First Special Session chapter 1, article 16, section 48. The reduction shall be reestimated based upon the actual effective date of the law. The commissioner of management and budget shall make adjustments in fiscal year 2011 to general assistance medical care appropriations to conform to the total expected expenditure reductions specified in this section.

(e) **Other Health Care Grants**	-0-	(7,000,000)

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.

Sec. 4. **EFFECTIVE DATE.**

This article is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; establishing the health and human services budget; modifying provisions related to health care and human services; amending health licensing boards; amending Minnesota Statutes 2010, sections 8.31, subdivisions 1, 3a; 62E.14, by adding a subdivision; 62J.04, subdivision 3; 62J.17, subdivision 4a; 62J.692, subdivisions 4, 7; 103I.005, subdivisions 2, 8, 12, by adding a subdivision; 103I.101, subdivisions 2, 5; 103I.105; 103I.111, subdivision 8; 103I.205, subdivision 4; 103I.208, subdivision 2; 103I.501; 103I.531, subdivision 5; 103I.535, subdivision 6; 103I.641; 103I.711, subdivision 1; 103I.715, subdivision 2; 119B.011, subdivision 13; 119B.09, subdivision 10, by adding subdivisions; 119B.125, by adding a subdivision; 119B.13, subdivisions 1, 1a, 7; 144.125, subdivisions 1, 3; 144.128; 144.396, subdivisions 5, 6; 145.925, subdivision 1; 145.928, subdivisions 7, 8; 148.108, by adding a

subdivision; 148.191, subdivision 2; 148.212, subdivision 1; 148.231; 151.07; 151.101; 151.102, by adding a subdivision; 151.12; 151.13, subdivision 1; 151.19; 151.25; 151.47, subdivision 1; 151.48; 152.12, subdivision 3; 245A.10, subdivisions 1, 3, 4, by adding subdivisions; 245A.11, subdivision 2b; 245A.143, subdivision 1; 245C.10, by adding a subdivision; 254B.03, subdivision 4; 254B.04, by adding a subdivision; 254B.06, subdivision 2; 256.01, subdivisions 14, 24, 29, by adding a subdivision; 256.969, subdivision 2b; 256B.04, subdivision 18; 256B.056, subdivisions 1a, 3; 256B.057, subdivision 9; 256B.06, subdivision 4; 256B.0625, subdivisions 8, 8a, 8b, 8c, 12, 13e, 17, 17a, 18, 19a, 25, 31a, by adding subdivisions; 256B.0651, subdivision 1; 256B.0652, subdivision 6; 256B.0653, subdivisions 2, 6; 256B.0913, subdivision 4; 256B.0915, subdivisions 3a, 3b, 3e, 3h, 6, 10; 256B.14, by adding a subdivision; 256B.431, subdivisions 2r, 32, 42, by adding a subdivision; 256B.437, subdivision 6; 256B.441, subdivisions 50a, 59; 256B.48, subdivision 1; 256B.49, subdivision 16a; 256B.69, subdivisions 4, 5a, by adding a subdivision; 256B.76, subdivision 4; 256D.02, subdivision 12a; 256D.031, subdivisions 6, 7, 9; 256D.44, subdivision 5; 256D.47; 256D.49, subdivision 3; 256E.30, subdivision 2; 256E.35, subdivisions 5, 6; 256J.12, subdivisions 1a, 2; 256J.37, by adding a subdivision; 256J.38, subdivision 1; 256L.04, subdivision 7; 256L.05, by adding a subdivision; 256L.11, subdivision 7; 256L.12, subdivision 9; 297F.10, subdivision 1; 393.07, subdivision 10; 402A.10, subdivisions 4, 5; 402A.15; 518A.51; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2010, First Special Session chapter 1, article 15, section 3, subdivision 6; article 16, section 47; article 25, section 3, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 1; 145; 148; 151; 214; 256; 256B; 256L; proposing coding for new law as Minnesota Statutes, chapter 256N; repealing Minnesota Statutes 2010, sections 62J.17, subdivisions 1, 3, 5a, 6a, 8; 62J.321, subdivision 5a; 62J.381; 62J.41, subdivisions 1, 2; 103I.005, subdivision 20; 144.1464; 144.147; 144.1487; 144.1488, subdivisions 1, 3, 4; 144.1489; 144.1490; 144.1491; 144.1499; 144.1501; 144.6062; 145.925; 145A.14, subdivisions 1, 2a; 245A.10, subdivision 5; 256.979, subdivisions 5, 6, 7, 10; 256.9791; 256B.055, subdivision 15; 256B.0625, subdivision 8e; 256B.0653, subdivision 5; 256B.0756; 256D.01, subdivisions 1, 1a, 1b, 1e, 2; 256D.03, subdivisions 1, 2, 2a; 256D.031, subdivisions 5, 8; 256D.05, subdivisions 1, 2, 4, 5, 6, 7, 8; 256D.0513; 256D.053, subdivisions 1, 2, 3; 256D.06, subdivisions 1, 1b, 2, 5, 7, 8; 256D.09, subdivisions 1, 2, 2a, 2b, 5, 6; 256D.10; 256D.13; 256D.15; 256D.16; 256D.35, subdivision 8b; 256D.46; Laws 2010, First Special Session chapter 1, article 16, sections 6; 7; Minnesota Rules, parts 3400.0130, subpart 8; 4651.0100, subparts 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 14, 15, 16, 16a, 18, 19, 20, 20a, 21, 22, 23; 4651.0110, subparts 2, 2a, 3, 4, 5; 4651.0120; 4651.0130; 4651.0140; 4651.0150; 9500.1243, subpart 3."

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

REPORT OF VOTES IN COMMITTEE

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Berglin amendment to S.F. No. 760.

There were yeas 5 and nays 6, as follows:

Those who voted in the affirmative were:

Senators Berglin, Higgins, Lourey, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Hall, Hann, Hoffman, Newman and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Berglin amendment to S.F. No. 760.

There were yeas 5 and nays 8, as follows:

Those who voted in the affirmative were:

Senators Berglin, Higgins, Lourey, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Fischbach, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Berglin amendment to S.F. No. 760.

There were yeas 5 and nays 8, as follows:

Those who voted in the affirmative were:

Senators Berglin, Higgins, Lourey, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Fischbach, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Berglin amendment to S.F. No. 760.

There were yeas 5 and nays 8, as follows:

Those who voted in the affirmative were:

Senators Berglin, Higgins, Lourey, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Fischbach, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Sheran amendment to S.F. No. 760.

There were yeas 3 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Higgins, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the Sheran amendment to S.F. No. 760.

There were yeas 3 and nays 7, as follows:

Those who voted in the affirmative were:

Senators Higgins, Marty and Sheran.

Those who voted in the negative were:

Senators Benson, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

The amendment was not adopted.

Pursuant to Rule 12.10, upon the request of three members, a roll call was taken on the motion that S.F. No. 760 be recommended to pass.

There were yeas 8 and nays 3, as follows:

Those who voted in the affirmative were:

Senators Benson, Fischbach, Hall, Hann, Hoffman, Newman, Nienow and Rosen.

Those who voted in the negative were:

Senators Higgins, Marty and Sheran.

The bill was recommended to pass.

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

S.F. No. 1029: A bill for an act relating to state government; appropriating money for environment and natural resources; appropriating money from the environment and natural resources trust fund; modifying provisions for taking game and fish; modifying certain licenses and restrictions for hunting and fishing; modifying grant programs; modifying solid waste provisions;

creating accounts; modifying disposition of certain receipts; modifying trail and surface water use provisions; modifying Mineral Coordinating Committee and citizen oversight committees; modifying sunset dates; modifying environmental review and permit requirements; modifying certain rulemaking requirements; requiring studies and rulemaking; amending Minnesota Statutes 2010, sections 17.135; 84.033, subdivision 1; 84.035, subdivision 6; 84.925, subdivision 1; 84D.15, subdivision 2; 85.018, subdivision 5; 85.019, subdivisions 4b, 4c; 85.052, subdivision 4; 85.32, subdivision 1; 86B.106; 86B.121; 89.039, subdivision 1; 89.21; 93.0015, subdivisions 1, 3; 97A.055, subdivision 4b, by adding a subdivision; 97A.465, subdivision 5; 97A.502; 97B.031, subdivision 5; 97B.325; 97B.326; 97B.405; 97B.667; 103G.271, subdivision 6; 103G.301, by adding a subdivision; 115.073; 115A.1314; 115A.1320, subdivision 1; 115C.13; 116.07, subdivisions 4h, 7c; 116.0711, by adding a subdivision; 116D.04, subdivision 2a, as amended; 116G.15, subdivision 1; 299C.40, subdivision 1; 357.021, subdivision 7; 609.66, subdivision 1h; proposing coding for new law in Minnesota Statutes, chapters 84; 89; 97A; 97C; 103G; 115A; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 85.013, subdivision 2b; 89.06; 89.35; 89.36; 89.37; 89.38; 89.39; 89.391; 97B.511; 97B.515, subdivision 3; 116G.15, subdivisions 2, 3, 4, 5, 6, 7.

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

Page 45, delete section 46

Page 57, line 34, before "This" insert "Unless the rule is being challenged,"

Page 58, delete lines 8 and 9

Page 96, after line 13, insert:

"**ARTICLE 3**

COMMERCE AND CONSUMER PROTECTION FINANCE

Section 1. **DEPARTMENT OF COMMERCE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2012	**2013**
Sec. 2. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$ 18,577,000**	**$ 18,585,000**

	Appropriations by Fund	
	2012	2013
General	16,774,000	16,782,000
Petroleum Cleanup	1,052,000	1,052,000
Workers' Compensation	751,000	751,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Financial Institutions** 7,124,000 7,128,000

$350,000 each year is for additional financial examination services. The commissioner may issue contracts for these services.

Subd. 3. **Petroleum Tank Release Cleanup Board** 1,052,000 1,052,000

This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. **Administrative Services** 3,486,000 3,486,000

The commissioner may redirect up to $761,000 in fiscal year 2012 and $761,000 in fiscal year 2013 of the general fund reduction in this subdivision to other subdivisions of this section. The commissioner shall report by February 1, 2012, to the chairs of the legislative committees having primary jurisdiction over the Department of Commerce's operating budget regarding any redirection authorized in this subdivision.

$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

Subd. 5. **Market Assurance** 6,915,000 6,919,000

	Appropriations by Fund	
General	6,164,000	6,168,000
Workers' Compensation	751,000	751,000

Sec. 3. **TRANSFERS IN**

(a) For the purposes of this section, "commissioner" means the commissioner of management and budget.

(b) By June 30, 2013, the commissioner shall transfer $3,550,000 from the special revenue fund to the general fund. The transfers must be from the following accounts within the special revenue fund:

(1) $650,000 from the Department of Commerce license technology surcharge account established in Minnesota Statutes, section 45.24;

(2) $950,000 from the insurance fraud prevention account established in Minnesota Statutes, section 45.0135;

(3) $1,500,000 from the automobile theft prevention account established in Minnesota Statutes, section 168A.40; and

(4) $450,000 from the real estate education, research, and recovery fund established in Minnesota Statutes, section 82.86.

Sec. 4. **TRANSFER; ASSIGNED RISK PLAN**

(a) By June 30, 2012, the commissioner of management and budget shall transfer $11,338,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

(b) By June 30, 2013, the commissioner of management and budget shall transfer $11,300,000 in assets of the workers' compensation assigned risk plan created under Minnesota Statutes, section 79.252, to the general fund.

Sec. 5. Minnesota Statutes 2010, section 115C.09, subdivision 3c, is amended to read:

Subd. 3c. **Release at refineries and tank facilities not eligible for reimbursement.** (a) Reimbursement may not be made under this chapter for costs associated with a release:

(1) from a tank located at a petroleum refinery; or

(2) from a tank facility, including a pipeline terminal, with more than 1,000,000 gallons of total

petroleum storage capacity at the tank facility.

(b) Paragraph (a), clause (2), does not apply to reimbursement for costs associated with a release from a tank facility:

(1) owned or operated by a person engaged in the business of mining iron ore or taconite;

(2) owned by a political subdivision, a housing and redevelopment authority, an economic development authority, or a port authority that acquired the tank facility prior to May 23, 1989; ~~or~~

(3) owned by a person:

(i) who acquired the tank facility prior to May 23, 1989;

(ii) who did not use the tank facility for the bulk storage of petroleum; and

(iii) who is not affiliated with the party who used the tank facility for the bulk storage of petroleum~~.~~; or

(4) that is not a petroleum refinery or pipeline terminal and is owned by a person engaged in the business of storing used oil primarily for sales to end users.

Sec. 6. Minnesota Statutes 2010, section 115C.13, is amended to read:

115C.13 REPEALER.

Sections 115C.01, 115C.02, 115C.021, 115C.03, 115C.04, 115C.045, 115C.05, 115C.06, 115C.065, 115C.07, 115C.08, 115C.09, 115C.093, 115C.094, 115C.10, 115C.11, 115C.111, 115C.112, 115C.113, 115C.12, and 115C.13, are repealed effective June 30~~, 2012~~ 2017.

ARTICLE 4

ENERGY, UTILITIES AND TELECOMMUNICATIONS FINANCE

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this act.

		2012		**2013**		**Total**
General	$	10,447,000	$	10,447,000	$	20,894,000
Telecommunications Access Minnesota		700,000		700,000		1,400,000
Total	**$**	**11,147,000**	**$**	**11,147,000**	**$**	**22,294,000**

Sec. 2. **ENERGY FINANCE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The

second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013. Appropriations for the fiscal year ending June 30, 2011, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30 2012	2013
Sec. 3. **DEPARTMENT OF COMMERCE**		
Subdivision 1. **Total Appropriation**	**$ 4,965,000**	**$ 4,965,000**

Appropriations by Fund

	2012	2013
General	4,265,000	4,265,000
TelecommunicationsAccess Minnesota	700,000	700,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Telecommunications**	1,010,000	1,010,000
Subd. 3. **Office of Energy Security**	3,255,000	3,255,000
Subd. 4. **Telecommunications Access Minnesota**	700,000	700,000

(a) The appropriations in this subdivision are from the telecommunications access Minnesota fund.

(b) $300,000 the first year and $300,000 the second year are for transfer to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans. This appropriation is from the telecommunication access Minnesota fund, and is added to the commission's base.

(c) In addition to the appropriation authorized in Minnesota Statutes, section 237.52, $400,000 the first year and $400,000 the second year are onetime appropriations for

the following purposes:

(1) $230,000 each year is to the Office of Enterprise Technology for coordinating technology accessibility and usability;

(2) $20,000 each year is to the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans to provide information on their Web site in American Sign Language and to provide technical assistance to state agencies; and

(3) $150,000 each year is to the Legislative Coordinating Commission to provide captioning of live streaming of legislative activity on the commission's Web site and for a consolidated access fund for other state agencies.

Sec. 4. **PUBLIC UTILITIES COMMISSION** **$ 6,182,000** **$ 6,182,000**

Sec. 5. **TRANSFERS IN**

(a) The commissioner of management and budget shall transfer $500,000 the first year and $500,000 the second year to the general fund from the telephone assistance program established in Minnesota Statutes, section 237.69.

(b) The remaining balance in the second year of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, for biogas recovery facilities, estimated to be $420,000, is canceled to the general fund.

(c) The remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (7), as amended by Laws 2008, chapter 340, section 5, for the Greenhouse Gas Advisory Group, estimated to be $7,000, is canceled to the general fund.

(d) $1,100,000 in the second year is transferred from the telecommunications access Minnesota fund established in Minnesota Statutes, section 237.52, to the general fund.

(e) In the first year, the remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (5), for the hydrogen roadmap project, estimated to be $280,000, is canceled to the general fund.

(f) The remaining balance of the appropriation in Laws 2008, chapter 363, article 6, section 3, subdivision 4, for renewable grants, estimated to be $368,000, is canceled to the general fund.

(g) The remaining balance of the appropriation in Laws 2008, chapter 363, article 6, section 3, subdivision 4, for the green economy projects, estimated to be $59,000, is canceled to the general fund.

(h) The remaining balance of the appropriation in Laws 2007, chapter 57, article 2, section 3, subdivision 6, clause (4), for automotive technology projects, estimated to be $22,000, is canceled to the general fund.

(i) The remaining balance of the appropriation in Laws 2009, chapter 37, article 2, section 13, paragraph (b), clauses (1) and (2), for renewable energy and energy efficiency projects, estimated to be $600,000, is canceled to the general fund.

Sec. 6. **COMMUNITY ENERGY ACTIVITIES; ASSESSMENT AND GRANT.**

The commissioner of commerce shall grant $500,000 in the fiscal year ending June 30, 2012, from assessments made under Minnesota Statutes, section 216B.241, subdivision 1e, for the purpose of community energy technical assistance and outreach on renewable energy and energy efficiency as described in Minnesota Statutes, section 216C.385."

Renumber the sections in sequence

Amend the title accordingly

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

Senator Ortman from the Committee on Taxes, to which was referred

S.F. No. 27: A bill for an act relating to taxation; phasing out the corporate franchise tax; amending Minnesota Statutes 2010, sections 290.06, subdivision 1; 290.0921, subdivision 1.

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

Delete everything after the enacting clause and insert:

"**ARTICLE 1**

INCOME AND ESTATE TAXES

Section 1. Minnesota Statutes 2010, section 270B.12, is amended by adding a subdivision to read:

Subd. 14. **Wisconsin secretary of revenue; income tax reciprocity benchmark study.** The commissioner may disclose return information to the secretary of revenue of the state of Wisconsin for the purpose of conducting a joint individual income tax reciprocity study.

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

Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) net interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed $1,625 for each qualifying child in grades kindergarten to 6 and $2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

(5) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(6) to the extent not deducted or not deductible pursuant to section 408(d)(8)(E) of the Internal Revenue Code in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions over $500 allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code, under the provisions of Public Law 109-1 and Public Law 111-126;

(7) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;

(8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (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;

(9) job opportunity building zone income as provided under section 469.316;

(10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military for active service 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;

(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;

(12) an amount, not to exceed $10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body

of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

(13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (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;

(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);

(15) international economic development zone income as provided under section 469.325;

(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~~

(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); and

(18) to the extent included in federal taxable income, a percentage of compensation received from a pension or other retirement pay from the federal government for service in the military, as computed under United States Code, title 10, sections 1401 to 1414, 1447 to 1455, and 12733, as follows:

(i) for taxable years beginning after December 31, 2010, and before January 1, 2012, the percentage is 20 percent;

(ii) for taxable years beginning after December 31, 2011, and before January 1, 2013, the percentage is 35 percent; and

(iii) for taxable years beginning after December 31, 2012, the percentage is 55 percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 3. Minnesota Statutes 2010, section 290.0674, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** An individual is allowed a credit against the tax imposed by this chapter in an amount equal to 75 percent of the amount paid for education-related expenses for a

qualifying child in kindergarten through grade 12. For purposes of this section, "education-related expenses" means:

(1) fees or tuition for instruction by an instructor under section 120A.22, subdivision 10, clause (1), (2), (3), (4), or (5), or a member of the Minnesota Music Teachers Association, and who is not a lineal ancestor or sibling of the dependent for instruction outside the regular school day or school year, including tutoring, driver's education offered as part of school curriculum, regardless of whether it is taken from a public or private entity or summer camps, in grade or age appropriate curricula that supplement curricula and instruction available during the regular school year, that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the elective standard under section 120B.022, subdivision 1, clause (2), and that do not include the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship;

(2) expenses for textbooks, including 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. "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 extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs;

(3) a maximum expense of $200 per family for personal computer hardware, excluding single purpose processors, and educational software that assists a dependent to improve knowledge of core curriculum areas or to expand knowledge and skills under the required academic standards under section 120B.021, subdivision 1, and the elective standard under section 120B.022, subdivision 1, clause (2), purchased for use in the taxpayer's home and not used in a trade or business regardless of whether the computer is required by the dependent's school; and

(4) the amount paid to others for tuition and transportation of a qualifying child 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 purposes of this section, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 290.081, is amended to read:

290.081 INCOME OF NONRESIDENTS, RECIPROCITY.

Subdivision 1. **Reciprocity with other states.** (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 they relate to all states, except Wisconsin. The provisions of paragraph (a) apply with respect to Wisconsin only for taxable years in which a reciprocity agreement with Wisconsin is in effect as provided in this section. 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) must be compensated by the other state 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, and before January 1, 2010. Interest accrues from July 1 of the taxable year.

(e) The ~~commissioner of revenue is authorized to enter into agreements~~ reciprocity agreement with the state of Wisconsin ~~specifying~~ must specify the compensation required under paragraph (b), ~~the~~ one or more reciprocity payment due ~~date,~~ dates for the revenue loss relating to each taxable year, with one or more estimated payment due dates in the same fiscal year in which the revenue loss occurred, and a final payment in the following fiscal year, conditions constituting delinquency, interest rates, and a method for computing interest due. Interest is payable from July 1 of the taxable year on final payments made in the following fiscal year. 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)~~ (f) 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)~~ (g) 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.

(h) Any reciprocity agreement entered into under this section continues in effect until terminated

by Minnesota or Wisconsin law. The commissioner may agree to modify the timing or method of calculating the state payments to be made under the agreement, consistent with the requirements of paragraphs (c) and (e), but may not terminate the agreement.

Subd. 2. **New reciprocity agreement with Wisconsin.** The commissioner may not enter into an income tax reciprocity agreement with Wisconsin under this section until after Wisconsin has paid in full, with interest, the amount due to Minnesota under the income tax reciprocity agreement in full effect for taxable years beginning before January 1, 2010. The commissioner of revenue is directed to initiate negotiations with the secretary of revenue of Wisconsin, with the objective of entering into an income tax reciprocity agreement effective for tax years beginning after December 31, 2011. The agreement must satisfy the conditions of subdivision 1, with one or more estimated payment due dates and a final payment due date specified so that the state with a net revenue loss as a result of the agreement receives estimated payments from the other state, in the same fiscal year as that in which the net revenue loss occurred and a final payment with interest in the following fiscal year.

EFFECTIVE DATE. Subdivision 2 is effective the day following final enactment. The changes to subdivision 1 are effective for taxable years beginning after December 31 of the year of the agreement, contingent upon agreement from the state of Wisconsin to a reciprocity arrangement in which estimated payments are made in the same fiscal year in which a change in revenue occurs, and a final payment is made in the following fiscal year.

Sec. 5. Minnesota Statutes 2010, 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), (8) to (15), ~~and~~ (17), and (18).

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 for taxable years beginning after December 31, 2010.

Sec. 6. **[290.433] BUDGET RESERVE FUND CHECKOFF.**

(a) An individual who files an income tax return or property tax refund claim form may designate on the original return that $1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into the general fund.

(b) All amounts designated by individuals under paragraph (a) must be deposited in the state treasury and credited to the budget reserve established under section 16A.152, subdivision 1a.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 7. Minnesota Statutes 2010, section 291.005, subdivision 1, is amended to read:

Subdivision 1. **Scope.** Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(2) "Federal gross estate" means the gross estate of a decedent as required to be valued and otherwise determined for federal estate tax purposes under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March 18, 2010, but without regard to the provisions of sections 501 and 901 of Public Law 107-16.

(4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, ~~increased by~~ plus

(i) the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code; less

(ii) (A) the value of qualified small business property under section 291.03, subdivision 9, and the value of qualified farm property under section 291.03, subdivision 10, or (B) $4,000,000, whichever is less.

(5) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota, and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(6) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(7) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(8) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(9) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 8. Minnesota Statutes 2010, section 291.03, subdivision 1, is amended to read:

Subdivision 1. **Tax amount.** (a) The tax imposed shall be an amount equal to the proportion of the maximum credit for state death taxes computed under section 2011 of the Internal Revenue

Code, but using Minnesota adjusted taxable estate instead of federal adjusted taxable estate, as the Minnesota gross estate bears to the value of the federal gross estate.

(b) The tax determined under this subdivision must not be greater than the sum of the following amounts multiplied by a fraction, the numerator of which is the Minnesota gross estate and the denominator of which is the federal gross estate:

(1) the rates and brackets under section 2001(c) of the Internal Revenue Code multiplied by the sum of:

(i) the taxable estate, as defined under section 2051 of the Internal Revenue Code; plus

(ii) adjusted taxable gifts, as defined in section 2001(b) of the Internal Revenue Code; less

(iii) the lesser of (A) the sum of the value of qualified small business property under subdivision 9, and the value of qualified farm property under subdivision 10, or (B) $4,000,000; less

(2) the amount of tax allowed under section 2001(b)(2) of the Internal Revenue Code; and less

(3) the federal credit allowed under section 2010 of the Internal Revenue Code.

(c) For purposes of this subdivision, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2000.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 9. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision to read:

Subd. 8. **Definitions.** (a) For purposes of this section, the following terms have the meanings given in this subdivision.

(b) "Family member" means a family member as defined in section 2032A(e)(2) of the Internal Revenue Code.

(c) "Qualified heir" means a family member who acquired qualified property from the decedent and satisfies the requirement under subdivision 9, clause (6), or subdivision 10, clause (4), for the property.

(d) "Qualified property" means qualified small businesss property under subdivision 9 and qualified farm property under subdivision 10.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 10. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision to read:

Subd. 9. **Qualified small business property.** Property satisfying all of the following requirements is qualified small business property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of the assets of a trade or business or shares of stock or other ownership interests in a corporation or other entity engaged in a trade or business. The decedent or the decedent's spouse must have materially participated in the trade or business within the meaning of section 469 of the Internal Revenue Code during the taxable year that ended before the date

of the decedent's death. Shares of stock in a corporation or an ownership interest in another type of entity do not qualify under this subdivision if the shares or ownership interests are traded on a public stock exchange at any time during the three-year period ending on the decedent's date of death.

(3) The gross annual sales of the trade or business were $10,000,000 or less for the last taxable year that ended before the date of the death of the decedent.

(4) The property does not consist of cash or cash equivalents. For property consisting of shares of stock or other ownership interests in an entity, the amount of cash or cash equivalents held by the corporation or other entity must be deducted from the value of the property qualifying under this subdivision in proportion to the decedent's share of ownership of the entity on the date of death.

(5) The decedent continuously owned the property for the three-year period ending on the date of death of the decedent.

(6) A family member continuously uses the property in the operation of the trade or business for three years following the date of death of the decedent.

(7) The estate and the qualified heir elect to treat the property as qualified small business property and agree, in the form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 11. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision to read:

Subd. 10. **Qualified farm property.** Property satisfying all of the following requirements is qualified farm property:

(1) The value of the property was included in the federal adjusted taxable estate.

(2) The property consists of a farm meeting the requirements of section 500.24, and was classified for property tax purposes as the homestead of the decedent or the decedent's spouse or both under section 273.124, and as class 2a property under section 273.13, subdivision 23.

(3) The decedent continuously owned the property for the three-year period ending on the date of death of the decedent.

(4) A family member continuously uses the property in the operation of the trade or business for three years following the date of death of the decedent.

(5) The estate and the qualified heir elect to treat the property as qualified farm property and agree, in a form prescribed by the commissioner, to pay the recapture tax under subdivision 11, if applicable.

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 12. Minnesota Statutes 2010, section 291.03, is amended by adding a subdivision to read:

Subd. 11. **Recapture tax.** (a) If, within three years after the decedent's death and before the death of the qualified heir, the qualified heir disposes of any interest in the qualified property, other than by a disposition to a family member, or a family member ceases to use the qualified property which

was acquired or passed from the decedent, an additional estate tax is imposed on the property.

(b) The amount of the additional tax equals the amount of the exclusion claimed by the estate under subdivision 8, paragraph (d), multiplied by 16 percent.

(c) The additional tax under this subdivision is due on the day which is six months after the date of the disposition or cessation in paragraph (a).

EFFECTIVE DATE. This section is effective for decedents dying after December 31, 2010.

Sec. 13. **INCOME TAX RECIPROCITY BENCHMARK STUDY.**

(a) The Department of Revenue, in conjunction with the Wisconsin Department of Revenue, must conduct a study to determine at least the following:

(1) the number of residents of each state who earn income from personal services in the other state;

(2) the total amount of income earned by residents of each state who earn income from personal services in the other state; and

(3) the change in tax revenue in each state if an income tax reciprocity arrangement were resumed between the two states under which the taxpayers were required to pay income taxes on the income only in their state of residence.

(b) The study must be conducted as soon as practicable, using information obtained from each state's income tax returns for tax year 2011, and from any other source of information the departments determine is necessary to complete the study.

(c) No later than March 1, 2013, the Department of Revenue must submit a report containing the results of the study to the governor and to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes.

Sec. 14. **APPROPRIATIONS.**

Subdivision 1. **Income tax reciprocity benchmark study.** The sum of $409,000 in fiscal year 2012 and $429,000 in fiscal year 2013 is appropriated from the general fund to the commissioner of revenue for the income reciprocity benchmark study required under section 13. The appropriation under this section is onetime and is not added to the agency's base budget.

Subd. 2. **Tax checkoff for state budget reserve.** $104,000 in fiscal year 2012 and $37,000 in fiscal year 2013 are appropriated from the general fund to the commissioner of revenue to implement the tax checkoff in Minnesota Statutes, section 290.433.

ARTICLE 2

SALES TAXES

Section 1. Minnesota Statutes 2010, section 297A.67, subdivision 7, is amended to read:

Subd. 7. **Drugs; medical devices.** (a) Sales of the following drugs and medical devices for human use are exempt:

(1) drugs, including over-the-counter drugs;

(2) single-use finger-pricking devices for the extraction of blood and other single-use devices and single-use diagnostic agents used in diagnosing, monitoring, or treating diabetes;

(3) insulin and medical oxygen for human use, regardless of whether prescribed or sold over the counter;

(4) prosthetic devices;

(5) durable medical equipment for home use only;

(6) mobility enhancing equipment;

(7) prescription corrective eyeglasses; and

(8) kidney dialysis equipment, including repair and replacement parts.

(b) Items purchased in transactions covered by:

(1) Medicare as defined under title XVIII of the Social Security Act, United States Code, title 42, sections 1395, et seq.; or

(2) Medicaid as defined under title XIX of the Social Security Act, United States Code, title 42, sections 1396, et seq.

(c) For purposes of this subdivision:

(1) "Drug" means a compound, substance, or preparation, and any component of a compound, substance, or preparation, other than food and food ingredients, dietary supplements, or alcoholic beverages that is:

(i) recognized in the official United States Pharmacopoeia, official Homeopathic Pharmacopoeia of the United States, or official National Formulary, and supplement to any of them;

(ii) intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease; or

(iii) intended to affect the structure or any function of the body.

(2) "Durable medical equipment" means equipment, including repair and replacement parts, including single patient use items, but not including mobility enhancing equipment, that:

(i) can withstand repeated use;

(ii) is primarily and customarily used to serve a medical purpose;

(iii) generally is not useful to a person in the absence of illness or injury; and

(iv) is not worn in or on the body.

For purposes of this clause, "repair and replacement parts" includes all components or attachments used in conjunction with the durable medical equipment, ~~but does not include~~ including repair and replacement parts which are for single patient use only.

(3) "Mobility enhancing equipment" means equipment, including repair and replacement parts, but not including durable medical equipment, that:

(i) is primarily and customarily used to provide or increase the ability to move from one place to another and that is appropriate for use either in a home or a motor vehicle;

(ii) is not generally used by persons with normal mobility; and

(iii) does not include any motor vehicle or equipment on a motor vehicle normally provided by a motor vehicle manufacturer.

(4) "Over-the-counter drug" means a drug that contains a label that identifies the product as a drug as required by Code of Federal Regulations, title 21, section 201.66. The label must include a "drug facts" panel or a statement of the active ingredients with a list of those ingredients contained in the compound, substance, or preparation. Over-the-counter drugs do not include grooming and hygiene products, regardless of whether they otherwise meet the definition. "Grooming and hygiene products" are soaps, cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and suntan lotions and sunscreens.

(5) "Prescribed" and "prescription" means a direction in the form of an order, formula, or recipe issued in any form of oral, written, electronic, or other means of transmission by a duly licensed health care professional.

(6) "Prosthetic device" means a replacement, corrective, or supportive device, including repair and replacement parts, worn on or in the body to:

(i) artificially replace a missing portion of the body;

(ii) prevent or correct physical deformity or malfunction; or

(iii) support a weak or deformed portion of the body.

Prosthetic device does not include corrective eyeglasses.

(7) "Kidney dialysis equipment" means equipment that:

(i) is used to remove waste products that build up in the blood when the kidneys are not able to do so on their own; and

(ii) can withstand repeated use, including multiple use by a single patient, notwithstanding the provisions of clause (2).

(8) A transaction is covered by Medicare or Medicaid if any portion of the cost of the item purchased in the transaction is paid for or reimbursed by the federal government or the state of Minnesota pursuant to the Medicare or Medicaid program, by a private insurance company administering the Medicare or Medicaid program on behalf of the federal government or the state of Minnesota, or by a managed care organization for the benefit of a patient enrolled in a prepaid program that furnishes medical services in lieu of conventional Medicare or Medicaid coverage pursuant to agreement with the federal government or the state of Minnesota.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 2. Minnesota Statutes 2010, section 297A.67, is amended by adding a subdivision to read:

Subd. 7a. **Accessories and supplies.** Accessories and supplies required for the effective use of durable medical equipment for home use only or purchased in a transaction covered by Medicare or

Medicaid, that are not already exempt under subdivision 7 are exempt. Accessories and supplies for the effective use of a prosthetic device that are not already exempt under subdivision 7 are exempt. For purposes of this subdivision "durable medical equipment," "prosthetic device," "Medicare," and "Medicaid" have the definitions given in subdivision 7.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 3. Minnesota Statutes 2010, section 297A.67, is amended by adding a subdivision to read:

Subd. 33. **Resale ticket purchases.** For resale purchases made subsequent to the purchase of a ticket from the initial seller, as defined under section 609.807, paragraph (a), the original face value of a ticket, as defined under section 609.807, paragraph (a), is exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 297A.70, subdivision 1, is amended to read:

Subdivision 1. **Scope.** (a) To the extent provided in this section, the gross receipts from sales of items to or by, and storage, distribution, use, or consumption of items by the organizations or units of local government listed in this section are specifically exempted from the taxes imposed by this chapter.

(b) Notwithstanding any law to the contrary enacted before 1992, only sales to governments and political subdivisions listed in this section are exempt from the taxes imposed by this chapter.

(c) "Sales" includes purchases under an installment contract or lease purchase agreement under section 465.71.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 5. Minnesota Statutes 2010, section 297A.70, subdivision 2, is amended to read:

Subd. 2. **Sales to government.** (a) All sales, except those listed in paragraph (b), to the following governments and political subdivisions, or to the listed agencies or instrumentalities of governments and political subdivisions, are exempt:

(1) the United States and its agencies and instrumentalities;

(2) school districts, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich Minnesota Center for Arts Education, and an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools;

(3) hospitals and nursing homes owned and operated by political subdivisions of the state of tangible personal property and taxable services used at or by hospitals and nursing homes;

(4) the Metropolitan Council, for its purchases of vehicles and repair parts to equip operations provided for in section 473.4051;

(5) other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state; and

(6) ~~sales to~~ public libraries, public library systems, multicounty, multitype library systems as

defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the Legislative Reference Library; and

(7) towns.

(b) This exemption does not apply to the sales of the following products and services:

(1) building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility;

(2) construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(3) the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except for leases entered into by the United States or its agencies or instrumentalities; ~~or~~

(4) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2, except for lodging, prepared food, candy, soft drinks, and alcoholic beverages purchased directly by the United States or its agencies or instrumentalities; or

(5) goods or services purchased by a town that are generally provided by a private business and the purchases would be taxable if made by a private business engaged in the same activity.

(c) As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, and any instrumentality of a school district, as defined in section 471.59.

(d) As used in this subdivision, "goods or services generally provided by a private business" include, but are not limited to, goods or services provided by liquor stores, gas and electric utilities, golf courses, marinas, health and fitness centers, campgrounds, cafes, and laundromats. "Goods or services generally provided by a private business" do not include housing services, sewer and water services, wastewater treatment, ambulance and other public safety services, correctional services, chore or homemaking services provided to elderly or disabled individuals, or road and street maintenance or lighting.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 6. Minnesota Statutes 2010, section 297A.70, subdivision 3, is amended to read:

Subd. 3. **Sales of certain goods and services to government.** (a) The following sales to or use by the specified governments and political subdivisions of the state are exempt:

(1) repair and replacement parts for emergency rescue vehicles, fire trucks, and fire apparatus to a political subdivision;

(2) machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10;

(3) chore and homemaking services to a political subdivision of the state to be provided to elderly or disabled individuals;

(4) telephone services to the Office of Enterprise Technology that are used to provide telecommunications services through the enterprise technology revolving fund;

(5) firefighter personal protective equipment as defined in paragraph (b), if purchased or authorized by and for the use of an organized fire department, fire protection district, or fire company regularly charged with the responsibility of providing fire protection to the state or a political subdivision;

(6) bullet-resistant body armor that provides the wearer with ballistic and trauma protection, if purchased by a law enforcement agency of the state or a political subdivision of the state, or a licensed peace officer, as defined in section 626.84, subdivision 1;

(7) motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), exempt from taxation under section 473.448, or exempt from the motor vehicle sales tax under section 297B.03, clause (12);

(8) equipment designed to process, dewater, and recycle biosolids for wastewater treatment facilities of political subdivisions, and materials incidental to installation of that equipment;

(9) ~~sales to a town of gravel and of machinery, equipment, and accessories, except motor vehicles, used exclusively for road and bridge maintenance, and leases by a town of motor vehicles exempt from tax under section 297B.03, clause (10);~~

~~(10)~~ the removal of trees, bushes, or shrubs for the construction and maintenance of roads, trails, or firebreaks when purchased by an agency of the state or a political subdivision of the state; and

~~(11)~~ (10) purchases by the Metropolitan Council or the Department of Transportation of vehicles and repair parts to equip operations provided for in section 174.90, including, but not limited to, the Northstar Corridor Rail project.

(b) For purposes of this subdivision, "firefighters personal protective equipment" means helmets, including face shields, chin straps, and neck liners; bunker coats and pants, including pant suspenders; boots; gloves; head covers or hoods; wildfire jackets; protective coveralls; goggles; self-contained breathing apparatus; canister filter masks; personal alert safety systems; spanner belts; optical or thermal imaging search devices; and all safety equipment required by the Occupational Safety and Health Administration.

(c) For purposes of items listed in paragraph (a), clause (11), 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, 2011.

Sec. 7. Minnesota Statutes 2010, section 297A.70, subdivision 8, is amended to read:

Subd. 8. **~~Regionwide~~ Public safety radio communication ~~system~~ systems; products and services.** Products and services including, but not limited to, end user equipment used for construction, ownership, operation, maintenance, and enhancement of ~~the backbone system of~~

~~the regionwide~~ public safety radio communication ~~system established under sections 403.21 to 403.40~~ systems, including public safety radio dispatch centers, are exempt. ~~For purposes of this subdivision, backbone system is defined in section 403.21, subdivision 9. This subdivision is effective for purchases, sales, storage, use, or consumption for use in the first and second phases of the system, as defined in section 403.21, subdivisions 3, 10, and 11, that portion of the third phase of the system that is located in the southeast district of the State Patrol and the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system that is located in Itasca County.~~

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2009. After December 31, 2013, purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after December 31, 2009, and before January 1, 2013, in the manner provided in section 297A.75.

Sec. 8. Minnesota Statutes 2010, 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;

(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; and

(16) products and services for a regionwide public safety radio communication system exempt under section 297A.70, subdivision 8, purchased after December 31, 2009, and before January 1, 2013.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2009. After December 31, 2013, purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after December 31, 2009, and before January 1, 2013, in the manner provided in section 297A.75.

Sec. 9. Minnesota Statutes 2010, 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), (14), and (15), the owner of the qualifying business; and

(8) for subdivision 1, clauses (12)~~ and~~, (13), and (16), the applicant must be the governmental entity that owns or contracts for the project or facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after December 31, 2009. After December 31, 2013, purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after December 31, 2009, and before January 1, 2013, in the manner provided in section 297A.75.

Sec. 10. Minnesota Statutes 2010, 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), (14), ~~or~~ (15), or (16), 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 for sales and purchases made after December 31, 2009. After December 31, 2013, purchasers may apply for a refund of tax paid for qualifying purchases under this subdivision made after December 31, 2009, and before January 1, 2013, in the manner provided in section 297A.75.

Sec. 11. Minnesota Statutes 2010, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Airflight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators, but does not include airplanes with a gross weight of less than 30,000 pounds that are used on intermittent or irregularly timed flights.

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of aircraft and aircraft equipment, including parts necessary for repair and maintenance of such airflight equipment, as defined under Federal Aviation Regulations, Part 135, that has a maximum certified takeoff weight of 6,000 pounds or more are exempt.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 12. Minnesota Statutes 2010, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a general sales tax (1) under section 297A.992, (2) under section 297A.993, (3) if permitted by special law ~~enacted prior to May 20, 2008~~, or (4) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision, or if the tax is allowed under subdivision 1a.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

~~(d) Until after May 31, 2010, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to May 20, 2008.~~

Sec. 13. Minnesota Statutes 2010, section 297A.99, is amended by adding a subdivision to read:

Subd. 1a. **General authority; certain cities.** (a) A city, or a group of cities acting under a joint powers agreement, may impose a local sales and use tax of one-half of one percent without authorization under a special law provided that:

(1) imposition of the tax is approved by the voters of each city at a general election pursuant to subdivision 3, paragraph (a); and

(2) all the conditions for adoption, use, and termination of the tax contained in this subdivision and subdivisions 3 to 12 are met.

The authority under this section is in addition to any local sales tax authority permitted under special law.

(b) The proceeds of a tax imposed under this subdivision must be dedicated exclusively to pay for specific capital projects approved by the voters in the authorizing referendum. No proceeds may be used for normal maintenance or operating costs of a facility or properties owned by a city or group of cities. The proceeds may be used to pay for collecting and administering the tax, to pay all or part of the capital costs of the development, acquisition, construction, expansion, and improvement, and to secure and pay debt service on bonds or other obligations issued to finance capital costs of a regional project, including the following:

(1) convention or civic center;

(2) public libraries;

(3) parks, trails, and recreational centers;

(4) overpasses, arterial and collector roads, or bridges, on, adjacent to, or connecting to a Minnesota state highway;

(5) railroad overpasses or crossing safety improvements;

(6) flood control and protection;

(7) water quality projects to address groundwater and drinking water pollution problems;

(8) court facilities;

(9) fire, law enforcement, or public safety facilities; or

(10) municipal buildings.

(c) At least three months prior to holding a referendum to impose the tax, a city must provide to the commissioner of revenue a resolution approved by the city that shows that the tax will fund a project that meets the requirements of paragraphs (a) to (c), the date on which the referendum will be held, the maximum amount raised by the tax that may be used for the specified project, excluding issuance and interest costs for any related bonds, and the maximum time that the tax may be imposed. The commissioner shall certify that the requirements under this subdivision are met and the city shall provide any additional information on the commissioner's requests in order to make that determination. The commissioner's decision is final.

(d) The question put to the voters at the referendum authorizing the vote must include information on the specific project or projects to be funded by the proceeds of the tax, the maximum amount of sales tax revenues that will be used to fund each project, not including any issuance and interest costs for related bonds, and the maximum length of time that the tax will be imposed, which must not exceed ten years from the date the initial tax was imposed without regard to an increase in the rate. If the referendum is not held on the date contained in the resolution, the authority for imposing the tax expires.

(e) A city may issue general obligation bonds to pay the costs of projects specified in the referendum authorizing imposition of the tax. The approval of the question under paragraph (d) meets the requirement for elector approval for issuance of bonds under section 475.58, subdivision 1. The debt represented by the bonds must not be included in computing any debt limitations applicable to the city, and the levy of taxes required by section 475.61 to pay the principal or any interest on the bonds must not be subject to any levy limitations or be included in computing or applying any levy limitation to the city.

(f) The tax, if enacted, expires when the specified revenue has been raised or the maximum time in which the tax is in effect under the resolution is reached, whichever is sooner. Any tax imposed under this subdivision must expire no later than ten years after imposition from the date the initial tax was imposed without regard to an increase in the rate. The governing board of the city may, by ordinance, terminate the tax at an earlier date. A city must not impose a new local option sales and use tax until a previously authorized one has been terminated.

EFFECTIVE DATE. This section is effective for local sales taxes for which the authorizing referendum is held after June 30, 2011.

Sec. 14. Minnesota Statutes 2010, section 297A.99, subdivision 3, is amended to read:

Subd. 3. **Requirements for adoption, use, termination.** (a) Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. The election must be conducted before the governing body of the political subdivision requests legislative approval of the tax. A referendum on the issuance of bonds to be paid from the proceeds of a local sales tax is

not subject to sections 275.60 and 275.61.

(b) The proceeds of the tax must be dedicated exclusively to payment of the cost of a specific capital improvement which is designated at least 90 days before the referendum on imposition of the tax is conducted.

(c) The tax must terminate after the improvement designated under paragraph (b) has been completed.

(d) After a sales tax imposed by a political subdivision has expired or been terminated, the political subdivision is prohibited from imposing a local sales tax for a period of one year. Notwithstanding subdivision 13, this paragraph applies to all local sales taxes in effect at the time of or imposed after May 26, 1999.

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

Sec. 15. Minnesota Statutes 2010, section 297A.99, is amended by adding a subdivision to read:

Subd. 14. **Local government aid offset.** A home rule charter or statutory city that imposes a tax under subdivision 1a after June 30, 2011, is subject to a reduction in the amount of aid the city is otherwise eligible to receive under section 477A.013, as provided in this subdivision.

The amount of the sales tax collected for the calendar year is deducted from the aid the home rule charter or statutory city would otherwise receive under section 477A.013 in the following year, but only to the extent of the amount of aid paid to that city that is attributable to the sum of: (1) any aid base increase under section 477A.011, subdivision 36, paragraph (k); and (2) any aid increase due to its city jobs base under section 477.013, subdivision 8.

EFFECTIVE DATE. This section is effective for aids payable in 2012 and thereafter.

Sec. 16. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in 2011 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in 2010 under this section minus the amount of its aid reduction under section 477A.0134. For aids payable in 2012 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of $10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of $10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids

payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed $300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

(g) In calendar year 2012 and thereafter, the aid that would otherwise be distributed to a city under paragraphs (a) to (f) will be reduced or eliminated if the city is subject to an aid offset under section 297A.99, subdivision 14.

Sec. 17. Minnesota Statutes 2010, section 477A.03, subdivision 2a, is amended to read:

Subd. 2a. **Cities.** For aids payable in 2011 and thereafter, the total aid paid under section 477A.013, subdivision 9, is $527,100,646, reduced by the cumulative amount of all aid offsets for that year under section 297A.99, subdivision 14.

Sec. 18. Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended by Laws 2006, chapter 259, article 3, section 3, is amended to read:

Subdivision 1. **Sales tax authorized.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Hermantown may, by ordinance, impose an additional sales tax of up to one percent on sales transactions taxable pursuant to Minnesota Statutes, chapter 297A, that occur within the city. The proceeds of the tax imposed under this section must be used to meet the costs of:

(1) extending a sewer interceptor line;

(2) construction of a booster pump station, reservoirs, and related improvements to the water system; and

(3) construction of a building containing a police and fire station and an administrative services facility.

(b) If the city imposed a sales tax of only one-half of one percent under paragraph (a), it may increase the tax to one percent to fund the purposes under paragraph (a) provided it is approved by the voters at a general or special election held before December 31, 2012.

EFFECTIVE DATE. This section is effective the day following compliance by the city of Hermantown with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended by Laws 2005, First Special Session chapter 3, article 5, section 28, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used by the city to pay for the cost of collecting and administering the taxes and to pay for the following projects:

(1) transportation infrastructure improvements including regional highway and airport improvements;

(2) improvements to the civic center complex;

(3) a municipal water, sewer, and storm sewer project necessary to improve regional ground water quality; and

(4) construction of a regional recreation and sports center and other higher education facilities available for both community and student use.

(b) The total amount of capital expenditures or bonds for ~~these~~ projects listed in paragraph (a) that may be paid from the revenues raised from the taxes authorized in this section may not exceed $111,500,000. The total amount of capital expenditures or bonds for the project in clause (4) that may be paid from the revenues raised from the taxes authorized in this section may not exceed $28,000,000.

(c) In addition to the projects authorized in paragraph (a) and not subject to the amount stated in paragraph (b), the city of Rochester may, if approved by the voters at an election under subdivision 5, paragraph (c), use the revenues received from the taxes and bonds authorized in this section to pay the costs of or bonds for the following purposes:

(1) $47,000,000 for capital expenditures and bonds for transportation infrastructure improvements including regional highway and airport improvements, but excluding any transportation improvements related to a railroad bypass that would divert rail traffic from the city of Rochester;

(2) $26,500,000 for capital expenditures and bonds for higher education facilities in the city;

(3) $40,500,000 for capital expenditures and bonds for improvements to regional youth and elder community facilities;

(4) $8,000,000 for capital expenditures and bonds for construction of regional public safety facilities; and

(5) $38,000,000 for project expenditures and bonds for any economic development purposes authorized under Minnesota Statutes, chapter 469.

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

Sec. 20. Laws 1998, chapter 389, article 8, section 43, subdivision 4, as amended by Laws 2005, First Special Session chapter 3, article 5, section 29, 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. An election to approve up to $71,500,000 in bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize imposition of the tax under subdivision 1. Whether to permit imposition of the tax and issuance of bonds may be posed to the voters as a single question. The question must state

that the sales tax revenues are pledged to pay the bonds, but that the bonds are general obligations and will be guaranteed by the city's property taxes. An election to approve up to an additional $40,000,000 of bonds under Minnesota Statutes, section 475.58, may be held in combination with the election to authorize extension of the tax under subdivision 5, paragraph (b). An election to approve bonds under Minnesota Statutes, section 475.58, in an amount not to exceed $160,000,000 plus an amount equal to the costs of issuance of the bonds, may be held in combination with the election to authorize the extension of the tax under subdivision 5, paragraph (c).

(b) The city ~~may~~ shall enter into an agreement with Olmsted County under which the city and the county agree to jointly undertake and finance certain roadway infrastructure improvements. The agreement ~~may~~ shall provide that the city will make available to the county a portion of the sales tax revenues collected pursuant to the authority granted in this section and the bonding authority provided in this subdivision. The county may, pursuant to the agreement, issue its general obligation bonds in a principal amount not exceeding the amount authorized by its agreement with the city payable primarily from the sales tax revenues from the city under the agreement. The county's bonds must be issued in accordance with the provisions of Minnesota Statutes, chapter 475, except that no election is required for the issuance of the bonds and the bonds are not included in the net debt of the county.

~~(b)~~ (c) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, section 275.60.

~~(c)~~ (d) 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.

(e) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements for projects listed in subdivision 3, paragraph (a), may not exceed $111,500,000, plus an amount equal to the costs related to issuance of the bonds. The aggregate principal amount of bonds plus the aggregate of the taxes used directly to pay the costs of eligible projects under subdivision 3, paragraph (c), may not exceed $160,000,000 plus an amount equal to the costs of issuance of the bonds.

~~(d)~~ (f) The taxes 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 the day following final enactment.

Sec. 21. Laws 1998, chapter 389, article 8, section 43, subdivision 5, as amended by Laws 2005, First Special Session chapter 3, article 5, section 30, is amended to read:

Subd. 5. **Termination of taxes.** (a) The taxes imposed under subdivisions 1 and 2 expire at the later of (1) December 31, 2009, or (2) when the city council determines that sufficient funds have been received from the taxes to finance the first $71,500,000 of capital expenditures and bonds for the projects authorized in subdivision 3, including the amount to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, unless the taxes are extended as allowed in paragraph (b). Any funds remaining after completion of the project and retirement or redemption of the bonds shall also be used to fund the projects under subdivision 3. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

(b) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond December 31, 2009, if approved by the voters of the city at a special election in 2005 or the general election in 2006. The question put to the voters must indicate that an affirmative vote would allow up to an additional $40,000,000 of sales tax revenues be raised and up to $40,000,000 of bonds to be issued above the amount authorized in the June 23, 1998, referendum for the projects specified in subdivision 3. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that sufficient funds have been received from the taxes to finance the projects and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city.

(c) Notwithstanding Minnesota Statutes, sections 297A.99 and 477A.016, or any other contrary provision of law, ordinance, or city charter, the city of Rochester may, by ordinance, extend the taxes authorized in subdivisions 1 and 2 beyond the date the city council determines that sufficient funds have been received from the taxes to finance $111,500,000 of expenditures and bonds for the projects authorized in subdivision 3, paragraph (a), plus an amount equal to the costs of issuance of the bonds and including the amount to prepay or retire at maturity the principal, interest, and premiums due on any bonds issued for the projects under subdivision 4, paragraph (a), if approved by the voters of the city at the general election in 2012. If the election to authorize the additional $160,000,000 of bonds plus an amount equal to the costs of the issuance of the bonds is placed on the general election ballot in 2012, the city may continue to collect the taxes authorized in subdivisions 1 and 2 until December 31, 2012. The question put to the voters must indicate that an affirmative vote would allow sales tax revenues be raised for an extended period of time and an additional $160,000,000 of bonds plus an amount equal to the costs of issuance of the bonds, to be issued above the amount authorized in the previous elections required under paragraphs (a) and (b) for the projects and amounts specified in subdivision 3. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61. If the taxes authorized in subdivisions 1 and 2 are extended under this paragraph, the taxes expire when the city council determines that $160,000,000 has been received from the taxes to finance the projects plus an amount sufficient to prepay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects under subdivision 4, including any bonds issued to refund the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds may be placed in the general fund of the city.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Rochester with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 22. Laws 2008, chapter 366, article 7, section 19, subdivision 3, is amended to read:

Subd. 3. **Use of revenues.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, paragraph (b), the proceeds of the tax imposed under this section shall be used to pay for the costs of acquisition, construction, improvement, and development of ~~a~~ regional parks, bicycle trails, park land, open space, and pedestrian ~~bridge~~ walkways, as described in the city improvement plan adopted by the city council by resolution on December 12, 2006, and land and buildings for a community and recreation center. The total amount of revenues from the taxes in subdivisions 1 and 2 that may be used to fund these projects is $12,000,000 plus any associated bond costs.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Clearwater with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 23. **CITY OF FERGUS FALLS; SALES AND USE TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010, general election, the city of Fergus Falls may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from taxes authorized by subdivision 1 must be used by the city of Fergus Falls to pay the cost of collecting the tax and to pay for all or part of the costs of the acquisition and betterment of a regional community ice arena facility. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to the facility and paying debt service on bonds or other obligations issued by the Fergus Falls Port Authority to finance the facility.

Subd. 3. **Termination of taxes.** The tax imposed under this section expires when the Fergus Falls City Council determines that sufficient funds have been received from the taxes to finance the facility and to prepay or retire at maturity the principal, interest, and premium due on any bonds, including refunding bonds, issued by the Fergus Falls Port Authority for the facility. Any funds remaining after completion of the facility and retirement or redemption of the bonds may be placed in the general fund of the city of Fergus Falls. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Fergus Falls and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 24. **CITY OF LANESBORO; SALES TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at the November 2, 2010, general election, the city of Lanesboro may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the tax authorized under subdivision 1 must be used by the city of Lanesboro to pay the costs of collecting the tax and to pay for all or a part of the improvements to city streets and utility systems, and the betterment of city municipal buildings consisting of (i) street and utility improvements to Calhoun Avenue, Fillmore Avenue, Kenilworth Avenue, Pleasant Street, Kirkwood Street, Auburn Avenue, and Zenith Street, and street light replacement on State Highways 250 and 16; (ii) improvements to utility systems consisting of wastewater treatment facility improvements and electric utility improvements to the Lanesboro High Hazard Dam; and (iii) improvements to the Lanesboro community center, library, and city hall, including paying debt service on bonds or other obligations issued to fund these projects under

subdivision 3. The total amount of revenues from the taxes in subdivision 1 that may be used to fund these projects is $800,000 plus any associated bond costs.

Subd. 3. **Bonding authority.** The city of Lanesboro may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses related to the projects authorized in subdivision 2. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required. The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61. 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 and interest on the bonds is not subject to any levy limitation.

The aggregate principal amount of the bonds plus the aggregate of the taxes used directly to pay costs of the projects listed in subdivision 2 may not exceed $800,000, plus an amount equal to the costs related to issuance of the bonds and capitalized interest.

The taxes authorized in subdivision 1 may be pledged and used for payments of the bonds and bonds issued to refund them, only if the bonds and any refunding bonds are general obligations of the city.

Subd. 4. **Termination of tax.** The tax imposed under subdivision 1 expires when the Lanesboro City Council determines that sufficient funds have been raised from the taxes to finance the projects authorized under subdivision 2 and to prepay or retire at maturity the principal, interest, and premium due on any bonds issued under subdivision 3. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The tax imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after the governing body of the city of Lanesboro and its chief clerical officer comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 25. **CITY OF HUTCHINSON; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, as approved by the voters at a referendum held at the 2010 general election, the city of Hutchinson may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, Minnesota Statutes, section 297A.99, governs the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section 297A.99, subdivision 1, paragraph (d), does not apply to this section.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, the city of Hutchinson may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to $20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this section must be used to pay the cost of collecting and administering the tax and to finance the costs of constructing the water treatment facility and renovating the wastewater treatment facility in the city of Hutchinson. Authorized costs include, but are not limited to, construction and engineering costs of the projects

and associated bond costs.

Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2 terminate at the earlier of: (1) 18 years after the date of initial imposition of the tax; or (2) when the Hutchinson City Council determines that the amount of revenues raised is sufficient to pay for the projects under subdivision 3, plus the amount needed to finance the capital and administrative costs for the projects specified in subdivision 3, and to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the associated bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 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 Hutchinson with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 26. **REPEALER.**

Minnesota Rules, part 8130.0500, subpart 2, is repealed.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

ARTICLE 3

TAX AIDS AND CREDITS

Section 1. Minnesota Statutes 2010, section 97A.061, subdivision 1, is amended to read:

Subdivision 1. **Applicability; amount.** (a) The commissioner shall annually make a payment to each county having public hunting areas and game refuges. Money to make the payments is annually appropriated for that purpose from the general fund. Except as provided in paragraph (b), this section does not apply to state trust fund land and other state land not purchased for game refuge or public hunting purposes. Except as provided in paragraph (b), the payment shall be the greatest of:

(1) ~~35~~ 29.75 percent of the gross receipts from all special use permits and leases of land acquired for public hunting and game refuges;

(2) ~~50~~ 42.5 cents per acre on land purchased actually used for public hunting or game refuges; or

(3) ~~three-fourths of one~~ .6375 percent of the appraised value of purchased land actually used for public hunting and game refuges.

(b) The payment shall be 50 percent of the dollar amount ~~adjusted for inflation~~ as determined under section 477A.12, subdivision 1, paragraph (a), clause (1), multiplied by the number of acres of land in the county that are owned by another state agency for military purposes and designated as a game refuge under section 97A.085.

(c) The payment must be reduced by the amount paid under subdivision 3 for croplands managed for wild geese.

(d) The appraised value is the purchase price for five years after acquisition. The appraised value shall be determined by the county assessor every five years after acquisition.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and

thereafter.

Sec. 2. Minnesota Statutes 2010, section 97A.061, subdivision 3, is amended to read:

Subd. 3. **Goose management croplands.** (a) The commissioner shall make a payment on July 1 of each year to each county where the state owns more than 1,000 acres of crop land, for wild goose management purposes. The payment shall be equal to 85 percent of the taxes assessed on comparable, privately owned, adjacent land. Money to make the payments is annually appropriated for that purpose from the general fund. The county treasurer shall allocate and distribute the payment as provided in subdivision 2.

(b) The land used for goose management under this subdivision is exempt from taxation as provided in sections 272.01 and 273.19.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 270A.03, subdivision 7, is amended to read:

Subd. 7. **Refund.** "Refund" means an individual income tax refund ~~or political contribution refund~~, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A, or a sustainable forest tax payment to a claimant under chapter 290C.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, and amounts granted to persons by the legislature on the recommendation of the joint senate-house of representatives Subcommittee on Claims shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total taxable income determined under section 290.01, subdivision 29. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse. For court fines, fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the debt.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 273.13, subdivision 21b, is amended to read:

Subd. 21b. **Tax capacity.** ~~(a) Gross tax capacity means the product of the appropriate gross class rates in this section and market values.~~

~~(b)~~ Net tax capacity means the product of the appropriate net class rates in this section and market values, minus the property's tax capacity reduction determined under section 273.1384, subdivision 1, if applicable.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 5. Minnesota Statutes 2010, 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.

For purposes of this paragraph, a "forest management plan" means a written document providing a framework for site-specific healthy, productive, and sustainable forest resources. A forest management plan must include at least the following: (i) forest management goals for the land; (ii) a reliable field inventory of the individual forest cover types, their age, and density; (iii) a description of the soil type and quality; (iv) an aerial photo and/or map of the vegetation and other natural features of the land clearly indicating the boundaries of the land and of the forest land; (v) the proposed future conditions of the land; (vi) prescriptions to meet proposed future conditions of the land; (vii) a recommended timetable for implementing the prescribed activities; and (viii) a legal description of the land encompassing the parcels included in the plan. All management activities prescribed in a plan must be in accordance with the recommended timber harvesting and forest management guidelines. The commissioner of natural resources shall provide a framework for plan content and updating and revising plans.

(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 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 levied in 2011, payable in 2012, and thereafter.

Sec. 6. Minnesota Statutes 2010, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value ~~credit~~ tax capacity reduction.** Each county auditor shall determine a homestead ~~credit~~ tax capacity reduction for each class 1a, 1b, and 2a homestead property within the county equal to 0.4 percent of the first $76,000 of market value of the property minus .09 percent of the market value in excess of $76,000. The ~~credit~~ tax capacity reduction amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead ~~credit~~ tax capacity reduction. In the case of a property that is classified as part homestead and part nonhomestead, (i) the ~~credit~~ tax capacity reduction shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the ~~credit~~ tax capacity reduction amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 7. Minnesota Statutes 2010, section 273.1384, subdivision 3, is amended to read:

Subd. 3. **Credit reimbursements.** The county auditor shall determine the tax reductions allowed under ~~this section~~ subdivision 2 within the county for each taxes payable year and shall certify that amount to the commissioner of revenue as a part of the abstracts of tax lists submitted by the county auditors under section 275.29. Any prior year adjustments shall also be certified on the abstracts of tax lists. The commissioner shall review the certifications for accuracy, and may make such changes as are deemed necessary, or return the certification to the county auditor for correction. The ~~credits~~ credit under this section must be used to proportionately reduce the net tax capacity-based property tax payable to each local taxing jurisdiction as provided in section 273.1393.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 8. Minnesota Statutes 2010, section 273.1384, subdivision 4, is amended to read:

Subd. 4. **Payment.** (a) The commissioner of revenue shall reimburse each local taxing jurisdiction, other than school districts, for the tax reductions granted under ~~this section~~ subdivision 2 in two equal installments on October 31 and December 26 of the taxes payable year for which the reductions are granted, including in each payment the prior year adjustments certified on the abstracts for that taxes payable year. The reimbursements related to tax increments shall be issued in one installment each year on December 26.

(b) The commissioner of revenue shall certify the total of the tax reductions granted under ~~this section~~ subdivision 2 for each taxes payable year within each school district to the commissioner of the Department of Education and the commissioner of education shall pay the reimbursement amounts to each school district as provided in section 273.1392.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 9. Minnesota Statutes 2010, section 273.1384, is amended by adding a subdivision to read:

Subd. 7. **Credit reductions and limitation; counties and cities.** In 2011, the market value credit reimbursement payment to each county and city authorized under subdivision 4 may not exceed the reimbursement payment received by the county or city for taxes payable in 2010.

EFFECTIVE DATE. This section is effective for credit reimbursements in 2011.

Sec. 10. Minnesota Statutes 2010, section 273.1393, is amended to read:

273.1393 COMPUTATION OF NET PROPERTY TAXES.

Notwithstanding any other provisions to the contrary, "net" property taxes are determined by subtracting the credits in the order listed from the gross tax:

(1) disaster credit as provided in sections 273.1231 to 273.1235;

(2) powerline credit as provided in section 273.42;

(3) agricultural preserves credit as provided in section 473H.10;

(4) enterprise zone credit as provided in section 469.171;

(5) disparity reduction credit;

(6) conservation tax credit as provided in section 273.119;

(7) ~~homestead and~~ agricultural ~~credits~~ credit as provided in section 273.1384;

(8) taconite homestead credit as provided in section 273.135;

(9) supplemental homestead credit as provided in section 273.1391; and

(10) the bovine tuberculosis zone credit, as provided in section 273.113.

The combination of all property tax credits must not exceed the gross tax amount.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 11. Minnesota Statutes 2010, section 273.1398, subdivision 3, is amended to read:

Subd. 3. **Disparity reduction aid.** The amount of disparity aid certified in 2012 for each ~~taxing~~ school district within each unique taxing jurisdiction ~~for taxes payable in the prior year shall be multiplied by the ratio of (1) the jurisdiction's tax capacity using the class rates for taxes payable in the year for which aid is being computed, to (2) its tax capacity using the class rates for taxes payable in the year prior to that for which aid is being computed, both based upon market values for taxes payable in the year prior to that for which aid is being computed. If the commissioner determines that insufficient information is available to reasonably and timely calculate the numerator in this ratio for the first taxes payable year that a class rate change or new class rate is effective, the commissioner shall omit the effects of that class rate change or new class rate when calculating this ratio for aid payable in that taxes payable year. For aid payable in the year following a year for which such omission was made, the commissioner shall use in the denominator for the class that was changed or created, the tax capacity for taxes payable two years prior to that in which the aid is payable, based on market values for taxes payable in the year prior to that for which aid is being computed~~ is equal to the amount certified for taxes payable in 2011.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 12. Minnesota Statutes 2010, section 273.1398, subdivision 4, is amended to read:

Subd. 4. **Disparity reduction credit.** (a) Beginning with taxes payable in 1989, class 4a, class 3a, and class 3b property qualifies for a disparity reduction credit if: (1) the property is located in a border city that has an enterprise zone designated pursuant to section 469.168, subdivision 4; (2) the property is located in a city with a population greater than 2,500 and less than 35,000 according to the 1980 decennial census; (3) the city is adjacent to a city in another state or immediately adjacent to a city adjacent to a city in another state; and (4) the adjacent city in the other state has a population of greater than 5,000 and less than 75,000 according to the 1980 decennial census.

(b) For taxes payable in 2012, the credit is 75 percent of an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of market value.

(c) For taxes payable in 2013, the credit is 50 percent of an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of market value.

(d) For taxes payable in 2014, the credit is 25 percent of an amount sufficient to reduce (i) the taxes levied on class 4a property to 2.3 percent of the property's market value and (ii) the tax on class 3a and class 3b property to 2.3 percent of market value.

~~(c)~~ (e) The county auditor shall annually certify the costs of the credits to the Department of Revenue. The department shall reimburse local governments for the property taxes forgone as the result of the credits in proportion to their total levies.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 13. Minnesota Statutes 2010, section 275.08, subdivision 1a, is amended to read:

Subd. 1a. **Computation of tax capacity.** ~~For taxes payable in 1989, the county auditor shall compute the gross tax capacity for each parcel according to the class rates specified in section 273.13. The gross tax capacity will be the appropriate class rate multiplied by the parcel's market value. For taxes payable in 1990 and subsequent years,~~ The county auditor shall compute the net tax capacity for each parcel ~~according to the class rates specified in~~ as defined under section 273.13, subdivision 21b. ~~The net tax capacity will be the appropriate class rate multiplied by the parcel's market value.~~

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 14. **[275.761] MAINTENANCE OF EFFORT REQUIREMENTS REDUCED.**

(a) Notwithstanding any law to the contrary and except as provided in paragraphs (b) and (c), the amounts required to be expended under the maintenance of effort requirements for counties under sections 134.34, 245.4835, 256F.10, and 256F.13, are reduced to 90 percent of the amounts required for 2011.

(b) This section does not permit a county to reduce compliance with maintenance of effort requirements to the extent that the reduction would:

(1) require the state to expend additional money or incur additional costs; or

(2) cause a reduction in the receipt by the state or the county of federal funds.

(c) The commissioner of management and budget may determine the maintenance of effort requirements that are not permitted, in whole or in part, to be reduced under paragraph (b). The commissioner shall publish these determinations on the department's Web site and no county may reduce compliance with a maintenance of effort requirement that the commissioner determines is not subject to reduction.

(d) Notwithstanding any law to the contrary, the amounts required to be expended under the maintenance of effort requirements for all statutory and home rule charter cities under section 134.34 are reduced to 90 percent of the amounts required for 2011.

EFFECTIVE DATE. This section is effective for maintenance of effort requirements in 2012 and 2013.

Sec. 15. Minnesota Statutes 2010, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581,

the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

(1) the property's estimated market value under section 273.11, subdivision 1;

(2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;

(3) the property's gross tax, before credits;

(4) for homestead ~~residential and~~ agricultural properties, the ~~credits~~ credit under section 273.1384;

(5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and

(6) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 16. Minnesota Statutes 2010, section 289A.50, subdivision 1, is amended to read:

Subdivision 1. **General right to refund.** (a) Subject to the requirements of this section and section 289A.40, a taxpayer who has paid a tax in excess of the taxes lawfully due and who files a written claim for refund will be refunded or credited the overpayment of the tax determined by the

commissioner to be erroneously paid.

(b) The claim must specify the name of the taxpayer, the date when and the period for which the tax was paid, the kind of tax paid, the amount of the tax that the taxpayer claims was erroneously paid, the grounds on which a refund is claimed, and other information relative to the payment and in the form required by the commissioner. An income tax, estate tax, or corporate franchise tax return, or amended return claiming an overpayment constitutes a claim for refund.

(c) When, in the course of an examination, and within the time for requesting a refund, the commissioner determines that there has been an overpayment of tax, the commissioner shall refund or credit the overpayment to the taxpayer and no demand is necessary. If the overpayment exceeds $1, the amount of the overpayment must be refunded to the taxpayer. If the amount of the overpayment is less than $1, the commissioner is not required to refund. In these situations, the commissioner does not have to make written findings or serve notice by mail to the taxpayer.

(d) If the amount allowable as a credit for withholding, estimated taxes, or dependent care exceeds the tax against which the credit is allowable, the amount of the excess is considered an overpayment. ~~The refund allowed by section 290.06, subdivision 23, is also considered an overpayment.~~ The requirements of section 270C.33 do not apply to the refunding of such an overpayment shown on the original return filed by a taxpayer.

(e) If the entertainment tax withheld at the source exceeds by $1 or more the taxes, penalties, and interest reported in the return of the entertainment entity or imposed by section 290.9201, the excess must be refunded to the entertainment entity. If the excess is less than $1, the commissioner need not refund that amount.

(f) If the surety deposit required for a construction contract exceeds the liability of the out-of-state contractor, the commissioner shall refund the difference to the contractor.

(g) An action of the commissioner in refunding the amount of the overpayment does not constitute a determination of the correctness of the return of the taxpayer.

(h) There is appropriated from the general fund to the commissioner of revenue the amount necessary to pay refunds allowed under this section.

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 17. Minnesota Statutes 2010, section 290.01, subdivision 6, is amended to read:

Subd. 6. **Taxpayer.** The term "taxpayer" means any person or corporation subject to a tax imposed by this chapter. ~~For purposes of section 290.06, subdivision 23, the term "taxpayer" means an individual eligible to vote in Minnesota under section 201.014.~~

EFFECTIVE DATE. This section is effective for refund claims based on contributions made after June 30, 2011.

Sec. 18. Minnesota Statutes 2010, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means ~~19~~ 15 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's

Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and following years.

Sec. 19. Minnesota Statutes 2010, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~19~~ 15 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and following years.

Sec. 20. Minnesota Statutes 2010, section 290A.04, subdivision 2, is amended to read:

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

~~Household Income~~	~~Percent of Income~~	~~Percent Paid by Claimant~~	~~Maximum State Refund~~

~~$0 to 1,189~~	~~1.0 percent~~	~~15 percent~~	~~$ 1,850~~
~~1,190 to 2,379~~	~~1.1 percent~~	~~15 percent~~	~~$ 1,850~~
~~2,380 to 3,589~~	~~1.2 percent~~	~~15 percent~~	~~$ 1,800~~
~~3,590 to 4,789~~	~~1.3 percent~~	~~20 percent~~	~~$ 1,800~~
~~4,790 to 5,979~~	~~1.4 percent~~	~~20 percent~~	~~$ 1,730~~
~~5,980 to 8,369~~	~~1.5 percent~~	~~20 percent~~	~~$ 1,730~~
~~8,370 to 9,559~~	~~1.6 percent~~	~~25 percent~~	~~$ 1,670~~
~~9,560 to 10,759~~	~~1.7 percent~~	~~25 percent~~	~~$ 1,670~~
~~10,760 to 11,949~~	~~1.8 percent~~	~~25 percent~~	~~$ 1,610~~
~~11,950 to 13,139~~	~~1.9 percent~~	~~30 percent~~	~~$ 1,610~~
~~13,140 to 14,349~~	~~2.0 percent~~	~~30 percent~~	~~$ 1,540~~
~~14,350 to 16,739~~	~~2.1 percent~~	~~30 percent~~	~~$ 1,540~~
~~16,740 to 17,929~~	~~2.2 percent~~	~~35 percent~~	~~$ 1,480~~
~~17,930 to 19,119~~	~~2.3 percent~~	~~35 percent~~	~~$ 1,480~~
~~19,120 to 20,319~~	~~2.4 percent~~	~~35 percent~~	~~$ 1,420~~
~~20,320 to 25,099~~	~~2.5 percent~~	~~40 percent~~	~~$ 1,420~~
~~25,100 to 28,679~~	~~2.6 percent~~	~~40 percent~~	~~$ 1,360~~
~~28,680 to 35,849~~	~~2.7 percent~~	~~40 percent~~	~~$ 1,360~~
~~35,850 to 41,819~~	~~2.8 percent~~	~~45 percent~~	~~$ 1,240~~
~~41,820 to 47,799~~	~~3.0 percent~~	~~45 percent~~	~~$ 1,240~~
~~47,800 to 53,779~~	~~3.2 percent~~	~~45 percent~~	~~$ 1,110~~
~~53,780 to 59,749~~	~~3.5 percent~~	~~50 percent~~	~~$ 990~~
~~59,750 to 65,729~~	~~3.5 percent~~	~~50 percent~~	~~$ 870~~
~~65,730 to 69,319~~	~~3.5 percent~~	~~50 percent~~	~~$ 740~~
~~69,320 to 71,719~~	~~3.5 percent~~	~~50 percent~~	~~$ 610~~
~~71,720 to 74,619~~	~~3.5 percent~~	~~50 percent~~	~~$ 500~~
~~74,620 to 77,519~~	~~3.5 percent~~	~~50 percent~~	~~$ 370~~

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
$0 to 1,549	1.0 percent	ten percent	$ 2,500
1,550 to 3,089	1.1 percent	ten percent	$ 2,500

3,090 to 4,669	1.2 percent	ten percent	$ 2,500
4,670 to 6,229	1.3 percent	15 percent	$ 2,500
6,230 to 7,769	1.4 percent	15 percent	$ 2,500
7,770 to 10,879	1.5 percent	15 percent	$ 2,500
10,880 to 12,429	1.6 percent	20 percent	$ 2,500
12,430 to 13,989	1.7 percent	20 percent	$ 2,500
13,990 to 15,539	1.8 percent	20 percent	$ 2,500
15,540 to 17,079	1.9 percent	25 percent	$ 2,500
17,080 to 18,659	2.0 percent	25 percent	$ 2,500
18,660 to 21,759	2.1 percent	25 percent	$ 2,500
21,760 to 23,309	2.2 percent	25 percent	$ 2,500
23,310 to 24,859	2.3 percent	25 percent	$ 2,500
24,860 to 26,419	2.4 percent	25 percent	$ 2,500
26,420 to 32,629	2.5 percent	30 percent	$ 2,500
32,630 to 37,279	2.6 percent	30 percent	$ 2,500
37,280 to 46,609	2.7 percent	30 percent	$ 2,000
46,610 to 54,369	2.8 percent	35 percent	$ 2,000
54,370 to 62,139	2.8 percent	35 percent	$ 1,750
62,140 to 69,909	3.0 percent	35 percent	$ 1,440
69,910 to 77,679	3.0 percent	40 percent	$ 1,290
77,680 to 84,449	3.0 percent	40 percent	$ 1,130
85,450 to 90,119	3.5 percent	45 percent	$ 960
90,120 to 93,239	3.5 percent	45 percent	$ 790
93,240 to 97,009	3.5 percent	50 percent	$ 650
97,010 to 100,779	3.5 percent	50 percent	$ 480

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is ~~$77,520~~ $100,780 or more.

EFFECTIVE DATE. This section is effective beginning with refunds based on taxes payable in 2012.

Sec. 21. Minnesota Statutes 2010, section 290A.04, subdivision 4, is amended to read:

Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the

inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined as provided in this subdivision.

(b) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2 for inflation, the percentage increase shall be determined from the year ending on June 30, 2011, to the year ending on June 30 of the year preceding that in which the refund is payable.

(c) In adjusting the dollar amounts of the income thresholds and the maximum refunds under subdivision 2a for inflation, the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable.

(d) The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest $10 amount. If the amount ends in $5, the commissioner shall round it up to the next $10 amount.

(e) The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

EFFECTIVE DATE. This section is effective beginning for refunds based on taxes payable in 2013.

Sec. 22. Minnesota Statutes 2010, section 477A.0124, is amended by adding a subdivision to read:

Subd. 6. **Aid payments in 2011 and 2012.** Notwithstanding total aids calculated or certified for 2011 under subdivisions 3, 4, and 5, for 2011 and 2012, each county shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, or (2) the total amount the county is certified to receive in 2011 under subdivisions 3 to 5.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and 2012.

Sec. 23. Minnesota Statutes 2010, section 477A.013, subdivision 9, is amended to read:

Subd. 9. **City aid distribution.** (a) In calendar year 2009 and thereafter, each city shall receive an aid distribution equal to the sum of (1) the city formula aid under subdivision 8, and (2) its city aid base.

(b) For aids payable in ~~2011~~ 2013 only, the total aid in the previous year for any city shall mean the amount of aid it was certified to receive for aids payable in ~~2010~~ 2012 under this section ~~minus the amount of its aid reduction under section 477A.0134~~. For aids payable in ~~2012~~ 2014 and thereafter, the total aid in the previous year for any city means the amount of aid it was certified to receive under this section in the previous payable year.

(c) For aids payable in 2010 and thereafter, the total aid for any city shall not exceed the sum of (1) ten percent of the city's net levy for the year prior to the aid distribution plus (2) its total aid in the previous year. For aids payable in 2009 and thereafter, the total aid for any city with a population

of 2,500 or more may not be less than its total aid under this section in the previous year minus the lesser of $10 multiplied by its population, or ten percent of its net levy in the year prior to the aid distribution.

(d) For aids payable in 2010 and thereafter, the total aid for a city with a population less than 2,500 must not be less than the amount it was certified to receive in the previous year minus the lesser of $10 multiplied by its population, or five percent of its 2003 certified aid amount. For aids payable in 2009 only, the total aid for a city with a population less than 2,500 must not be less than what it received under this section in the previous year unless its total aid in calendar year 2008 was aid under section 477A.011, subdivision 36, paragraph (s), in which case its minimum aid is zero.

(e) A city's aid loss under this section may not exceed $300,000 in any year in which the total city aid appropriation under section 477A.03, subdivision 2a, is equal or greater than the appropriation under that subdivision in the previous year, unless the city has an adjustment in its city net tax capacity under the process described in section 469.174, subdivision 28.

(f) If a city's net tax capacity used in calculating aid under this section has decreased in any year by more than 25 percent from its net tax capacity in the previous year due to property becoming tax-exempt Indian land, the city's maximum allowed aid increase under paragraph (c) shall be increased by an amount equal to (1) the city's tax rate in the year of the aid calculation, multiplied by (2) the amount of its net tax capacity decrease resulting from the property becoming tax exempt.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2012 and thereafter.

Sec. 24. Minnesota Statutes 2010, section 477A.013, is amended by adding a subdivision to read:

Subd. 11. **Aid payments in 2011 and 2012.** Notwithstanding aids calculated or certified for 2011 under subdivision 9, for 2011 and 2012, each city shall receive an aid distribution under this section equal to the lesser of (1) the total amount of aid it received under this section in 2010 after the reductions under sections 477A.0133 and 477A.0134, and reduced by the amount of payments made under section 477A.011, subdivision 36, paragraphs (y) and (z), or (2) the amount it was certified to receive in 2011 under subdivision 9. In 2011 only, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011. In 2012, a city that qualifies for the aid base adjustment under section 477A.011, subdivision 36, paragraph (aa), shall receive the amount that it was certified to receive in 2011, minus the aid base adjustment provided under section 477A.011, subdivision 36, paragraph (aa).

EFFECTIVE DATE. This section is effective for aids payable in calendar years 2011 and 2012.

Sec. 25. Minnesota Statutes 2010, section 477A.03, is amended to read:

477A.03 APPROPRIATION.

Subd. 2. **Annual appropriation.** A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

Subd. 2a. **Cities.** For aids payable in ~~2011~~ 2013 and thereafter, the total aid paid under section

477A.013, subdivision 9, is ~~$527,100,646~~ $426,438,012.

Subd. 2b. **Counties.** (a) For aids payable in ~~2011~~ 2013 and thereafter, the total aid payable under section 477A.0124, subdivision 3, is ~~$96,395,000~~ $80,795,000. Each calendar year, $500,000 shall be retained by the commissioner of revenue to make reimbursements to the commissioner of management and budget for payments made under section 611.27. For calendar year 2004, the amount shall be in addition to the payments authorized under section 477A.0124, subdivision 1. For calendar year 2005 and subsequent years, the amount shall be deducted from the appropriation under this paragraph. The reimbursements shall be to defray the additional costs associated with court-ordered counsel under section 611.27. Any retained amounts not used for reimbursement in a year shall be included in the next distribution of county need aid that is certified to the county auditors for the purpose of property tax reduction for the next taxes payable year.

(b) For aids payable in ~~2011~~ 2013 and thereafter, the total aid under section 477A.0124, subdivision 4, is ~~$101,309,575~~ $84,909,575. The commissioner of management and budget shall bill the commissioner of revenue for the cost of preparation of local impact notes as required by section 3.987, not to exceed $207,000 in fiscal year 2004 and thereafter. The commissioner of education shall bill the commissioner of revenue for the cost of preparation of local impact notes for school districts as required by section 3.987, not to exceed $7,000 in fiscal year 2004 and thereafter. The commissioner of revenue shall deduct the amounts billed under this paragraph from the appropriation under this paragraph. The amounts deducted are appropriated to the commissioner of management and budget and the commissioner of education for the preparation of local impact notes.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2012 and thereafter.

Sec. 26. Minnesota Statutes 2010, section 477A.11, subdivision 1, is amended to read:

Subdivision 1. **Terms.** For the purpose of sections 477A.11 to ~~477A.145~~ 477A.14, the terms defined in this section have the meanings given them.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 27. Minnesota Statutes 2010, section 477A.12, subdivision 1, is amended to read:

Subdivision 1. **Types of land; payments.** (a) As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are annually appropriated to the commissioner of natural resources from the general fund for transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to ~~477A.145~~ 477A.14. The amounts are:

(1) for acquired natural resources land, ~~$3, as adjusted for inflation under section 477A.145,~~ $4.363 multiplied by the total number of acres of acquired natural resources land or, at the county's option ~~three-fourths of one~~ 0.6375 percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) ~~75 cents, as adjusted for inflation under section 477A.145,~~ $1.091 multiplied by the number of acres of county-administered other natural resources land;

(3) ~~75 cents, as adjusted for inflation under section 477A.145,~~ $1.091 multiplied by the total number of acres of land utilization project land; and

(4) ~~37.5 cents, as adjusted for inflation under section 477A.145,~~ 54.5 cents multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) The amount determined under paragraph (a), clause (1), is payable for land that is acquired from a private owner and owned by the Department of Transportation for the purpose of replacing wetland losses caused by transportation projects, but only if the county contains more than 500 acres of such land at the time the certification is made under subdivision 2.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 28. Minnesota Statutes 2010, section 477A.14, subdivision 1, is amended to read:

Subdivision 1. **General distribution.** Except as provided in subdivision 2 or in section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) ~~37.5 cents, as adjusted for inflation under section 477A.145,~~ 54.5 cents for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than $5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township ~~30 cents, as adjusted for inflation under section 477A.145,~~ 43.6 cents for each acre of acquired natural resources land and each acre of land described in section 477A.12, subdivision 1, paragraph (b), and ~~7.5 cents, as adjusted for inflation under section 477A.145,~~ 10.9 cents for each acre of other natural resources land and each acre of land utilization project land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds $35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and

thereafter.

Sec. 29. Minnesota Statutes 2010, 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 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~~ 1.275 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.

EFFECTIVE DATE. This section is effective for aids payable in calendar year 2011 and thereafter.

Sec. 30. **ADMINISTRATION OF PROPERTY TAX REFUND CLAIMS; 2011.**

In administering Minnesota Statutes, section 290A.03, subdivisions 11 and 13, for claims for refunds submitted using 19 percent of gross rent as rent constituting property taxes under prior law, the commissioner shall recalculate and pay the refund amounts using 15 percent of gross rent. The commissioner shall notify the claimant that the recalculation was mandated by action of the 2011 Legislature.

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

Sec. 31. **PROPERTY TAX STATEMENT FOR TAXES PAYABLE IN 2012 ONLY.**

For the purposes of the property tax statements required under Minnesota Statutes, section 276.04, subdivision 2, for taxes payable in 2012 only, the gross tax amount shown for the previous year is the gross tax minus the residential homestead market value credit.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 only.

Sec. 32. **CONSOLIDATION AND SERVICE-SHARING GRANTS; APPROPRIATION.**

Subdivision 1. **Definition.** For the purposes of this section, "local government" means a county or a home rule charter or statutory city.

Subd. 2. **Grants.** (a) The state auditor may make a consolidation grant to a local government that is planning to consolidate with at least one other contiguous local government of the same type. The grants shall be made on a first-come first-served basis. The state auditor shall determine the form and content of the application and grant agreements. An application must contain a resolution adopted by the governing body of each participating local government supporting the consolidation of the local governments. The amount of the grant shall be determined by the state auditor based on the estimated cost to the local governments of the consolidation process and their need for state financial assistance to accomplish the consolidation. The maximum grant amount is $100,000 per local government.

(b) The state auditor may make a service-sharing grant to a local government that is planning to implement a program of providing shared services in cooperation with at least one other local government. The grants shall be made on a first-come first-served basis. The state auditor shall determine the form and content of the application and grant agreements. An application must contain a resolution adopted by the governing body of each participating local government supporting the plan to provide shared services. The amount of the grant shall be determined by the state auditor based on the estimated cost to the local governments of implementing the service-sharing plan, and their need for state financial assistance to accomplish it. The maximum grant amount is $100,000 per local government.

Subd. 3. **Report.** The state auditor must report to the governor and legislative committees with jurisdiction over local government governance and local government taxes and finance on the consolidation and service-sharing grants made and how the money was used. An interim report is due February 1, 2012, and a final report is due December 15, 2012.

Subd. 4. **Appropriation.** $3,500,000 is appropriated from the general fund to the state auditor for each of the fiscal years 2012 and 2013, to make grants to counties and cities as provided in this section. In each of those years, $2,500,000 is to be used for consolidation grants and $1,000,000 is to be used for service-sharing grants, provided that if by November 30 in either year, one of those amounts has not been used for its primary purpose, that remainder may be used for the other type of grants.

Sec. 33. **REPEALER.**

(a) Minnesota Statutes 2010, sections 10A.322, subdivision 4; and 13.4967, subdivision 2, are repealed.

(b) Minnesota Statutes 2010, section 290.06, subdivision 23, is repealed.

(c) Minnesota Statutes 2010, sections 275.295; and 477A.145, are repealed.

(d) Minnesota Statutes 2010, section 273.1384, subdivision 6, is repealed.

(e) Minnesota Statutes 2010, section 273.1398, subdivision 4, is repealed.

(f) Minnesota Statutes 2010, sections 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; and 290C.13, are repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for refund claims based on contributions made after June 30, 2011. Paragraph (c) is

effective for aids payable in 2011 and thereafter. Paragraph (d) is effective for taxes payable in 2012 and thereafter. Paragraph (e) is effective for taxes payable in 2015 and thereafter. Paragraph (f) is effective July 1, 2011, and the covenants under the program are void on that date. No later than 60 days after enactment of this section, the commissioner of revenue shall issue a document to each enrollee immediately releasing the land from the covenant as provided in Minnesota Statutes 2010, section 290C.04, paragraph (c).

ARTICLE 4

PROPERTY TAX

Section 1. Minnesota Statutes 2010, section 272.02, subdivision 39, is amended to read:

Subd. 39. **Economic development; public purpose.** The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 8 for a period not to exceed ~~eight~~ ten years, except that for property located in a city of 5,000 population or under that is located outside of the metropolitan area as defined in section 473.121, subdivision 2, the period must not exceed 15 years.

The holding of property by a political subdivision of the state for later resale (1) which is purchased or held for housing purposes, or (2) which meets the conditions described in section 469.174, subdivision 10, shall be considered a public purpose in accordance with subdivision 8.

The governing body of the political subdivision which acquires property which is subject to this subdivision shall after the purchase of the property certify to the city or county assessor whether the property is held for economic development purposes or housing purposes, or whether it meets the conditions of section 469.174, subdivision 10. If the property is acquired for economic development purposes and buildings or other improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements which is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity the provisions of this subdivision shall not apply to the property. This subdivision shall not create an exemption from section 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

EFFECTIVE DATE. This section is effective for taxes levied in 2011, payable in 2012, and thereafter.

Sec. 2. Minnesota Statutes 2010, section 272.02, is amended by adding a subdivision to read:

Subd. 95. **Electric generation facility; personal property.** (a) Notwithstanding subdivision 9, clause (a), and section 453.54, subdivision 20, attached machinery and other personal property that is part of a multiple reciprocating engine electric generation facility that adds more than 20 and less than 30 megawatts of installed capacity at a site where there is presently more than ten megawatts and fewer than 15 megawatts of installed capacity and that meets the requirements of this subdivision is exempt from taxation and from payments in lieu of taxation. At the time of construction, the facility must:

(1) be designed to utilize natural gas as a primary fuel;

(2) be owned and operated by a municipal power agency as defined in section 453.52, subdivision 8;

(3) be located within one mile of an existing natural gas pipeline;

(4) be designed to have black start capability and to furnish emergency backup power service to the city in which it is located;

(5) satisfy a resource deficiency identified in an approved integrated resource plan filed under section 216B.2422; and

(6) have received, by resolution, the approval of the governing bodies of the city and county in which it is located for the exemption of personal property provided by this subdivision.

(b) Construction of the facility must be commenced after December 31, 2011, and before January 1, 2015. Property eligible for this exemption does not include (i) electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility; or (ii) property located on the site on the enactment date of this subdivision.

EFFECTIVE DATE. This section is effective for assessments in 2012, taxes payable in 2013, and thereafter.

Sec. 3. Minnesota Statutes 2010, section 273.111, is amended by adding a subdivision to read:

Subd. 17. **Appeal.** If an assessor denies an application for valuation under this section, the applicant may appeal the decision to the local board of appeal and equalization as provided under section 274.01, subdivision 1, paragraph (h).

EFFECTIVE DATE. This section is effective for appeals denied after June 30, 2011.

Sec. 4. Minnesota Statutes 2010, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class 2a or 2b property that had been ~~assessed~~ properly classified 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 deferment under this section if:

(1) the land consists of at least ten acres;

(2) ~~a conservation 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 deferment under this section;~~

~~(3) the land must be enrolled for a minimum of eight years;~~

~~(4)~~ there are no delinquent property taxes on the land; and

~~(5)~~ (3) the property is not also enrolled for valuation and deferment under section 273.111 or 273.112, or chapter 290C or 473H.

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

Sec. 5. Minnesota Statutes 2010, 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)~~ property is withdrawn or no longer qualifies. 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. Each application must include the most recent available aerial photograph or satellite image of the property provided by the Farm Service Agency of the United States Department of Agriculture that clearly delineates the land that is to be enrolled. The application form must contain a statement setting forth the consequences to the property owner of termination of qualification of property under the rural preserve program, together with a recommendation that land that is likely to be changed to a nonqualifying use during the period of enrollment should not be included in the application. 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 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. 6. Minnesota Statutes 2010, section 273.114, subdivision 6, is amended to read:

Subd. 6. **Additional taxes.** ~~Upon termination of a covenant agreement in subdivision 5, paragraph (b), the land to which the covenant applied~~ When real property which is being, or has been valued and assessed under this section no longer qualifies under subdivision 2, the portion no longer qualifying shall be subject to additional taxes in the amount equal to the difference between the taxes determined in accordance with subdivision 3 and the amount determined under subdivision 4, provided that the amount determined under subdivision 4 shall not be greater than it would have been had the actual bona fide sale price of the real property at an arm's-length

transaction been used in lieu of the market value determined under subdivision 4. The additional taxes shall be extended against the property on the tax list for the current year, provided that no interest or penalties shall be levied on the additional taxes if timely paid and that the additional taxes shall only be levied with respect to the current year plus two prior years that the property has been valued and assessed under this section.

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

Sec. 7. Minnesota Statutes 2010, 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~~ contribution" 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~~ given in section 349.12, subdivision 7a, except that expenditures for erection or acquisition of a replacement building, as defined under section 349.12, subdivision 25, paragraph (a), clause (25), may be counted to meet up to 50 percent of the contribution requirement, for a period of not more than 20 years from the erection or acquisition of the replacement building;

(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 assessment year 2011 and thereafter, for taxes payable in 2012 and thereafter.

Sec. 8. Minnesota Statutes 2010, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property owned by a veteran or by the veteran and the veteran's spouse qualifying for homestead classification

under subdivision 22 or 23 is excluded in determining the property's taxable market value if it serves as the homestead of a military veteran, as defined in section 197.447, who has a service-connected disability of 70 percent or more. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, and must be certified by the United States Veterans Administration as having a service-connected disability.

(b)(1) For a disability rating of 70 percent or more, $150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, $300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for ~~one~~ five additional ~~assessment year~~ taxes payable years or until such time as the spouse sells, transfers, remarries, or otherwise disposes of the property, whichever comes first. To qualify for the exemption under this paragraph, the surviving spouse must apply annually to the assessor by July 1 of the assessment year.

(d) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(e) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

(f) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011, and thereafter, and applies to homesteads that initially qualified for the exclusion for taxes payable in 2009 and thereafter.

Sec. 9. Minnesota Statutes 2010, section 274.01, subdivision 1, is amended to read:

Subdivision 1. **Ordinary board; meetings, deadlines, grievances.** (a) The town board of a town, or the council or other governing body of a city, is the board of appeal and equalization except (1) in cities whose charters provide for a board of equalization or (2) in any city or town that has transferred its local board of review power and duties to the county board as provided in subdivision 3. The county assessor shall fix a day and time when the board or the board of equalization shall meet in the assessment districts of the county. Notwithstanding any law or city charter to the contrary, a city board of equalization shall be referred to as a board of appeal and equalization. On or before February 15 of each year the assessor shall give written notice of the time to the city or town clerk. Notwithstanding the provisions of any charter to the contrary, the meetings must be held between April 1 and May 31 each year, provided that the board may review appeals of denials of green acres treatment as provided in paragraph (h) at any time. The clerk shall give published and posted notice of the meeting at least ten days before the date of the meeting.

The board shall meet at the office of the clerk to review the assessment and classification of property in the town or city. No changes in valuation or classification which are intended to correct errors in judgment by the county assessor may be made by the county assessor after the board has adjourned in those cities or towns that hold a local board of review; however, corrections of errors that are merely clerical in nature or changes that extend homestead treatment to property are permitted after adjournment until the tax extension date for that assessment year. The changes must be fully documented and maintained in the assessor's office and must be available for review by any person. A copy of the changes made during this period in those cities or towns that hold a local board of review must be sent to the county board no later than December 31 of the assessment year.

(b) The board shall determine whether the taxable property in the town or city has been properly placed on the list and properly valued by the assessor. If real or personal property has been omitted, the board shall place it on the list with its market value, and correct the assessment so that each tract or lot of real property, and each article, parcel, or class of personal property, is entered on the assessment list at its market value. No assessment of the property of any person may be raised unless the person has been duly notified of the intent of the board to do so. On application of any person feeling aggrieved, the board shall review the assessment or classification, or both, and correct it as appears just. The board may not make an individual market value adjustment or classification change that would benefit the property if the owner or other person having control over the property has refused the assessor access to inspect the property and the interior of any buildings or structures as provided in section 273.20. A board member shall not participate in any actions of the board which result in market value adjustments or classification changes to property owned by the board member, the spouse, parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece of a board member, or property in which a board member has a financial interest. The relationship may be by blood or marriage.

(c) A local board may reduce assessments upon petition of the taxpayer but the total reductions must not reduce the aggregate assessment made by the county assessor by more than one percent. If the total reductions would lower the aggregate assessments made by the county assessor by more than one percent, none of the adjustments may be made. The assessor shall correct any clerical errors or double assessments discovered by the board without regard to the one percent limitation.

(d) A local board does not have authority to grant an exemption or to order property removed from the tax rolls.

(e) A majority of the members may act at the meeting, and adjourn from day to day until they finish hearing the cases presented. The assessor shall attend, with the assessment books and papers, and take part in the proceedings, but must not vote. The county assessor, or an assistant delegated by the county assessor shall attend the meetings. The board shall list separately, on a form appended to the assessment book, all omitted property added to the list by the board and all items of property increased or decreased, with the market value of each item of property, added or changed by the board, placed opposite the item. The county assessor shall enter all changes made by the board in the assessment book.

(f) Except as provided in subdivision 3, if a person fails to appear in person, by counsel, or by written communication before the board after being duly notified of the board's intent to raise the assessment of the property, or if a person feeling aggrieved by an assessment or classification fails to apply for a review of the assessment or classification, the person may not appear before the county board of appeal and equalization for a review of the assessment or classification. This paragraph

does not apply if an assessment was made after the local board meeting, as provided in section 273.01, or if the person can establish not having received notice of market value at least five days before the local board meeting.

(g) The local board must complete its work and adjourn within 20 days from the time of convening stated in the notice of the clerk, unless a longer period is approved by the commissioner of revenue. No action taken after that date is valid. All complaints about an assessment or classification made after the meeting of the board must be heard and determined by the county board of equalization. A nonresident may, at any time, before the meeting of the board file written objections to an assessment or classification with the county assessor. The objections must be presented to the board at its meeting by the county assessor for its consideration.

(h) The local board may, but is not required to, review appeals from property owners of denials by assessors of applications for valuation under section 273.111. If it intends to exercise the authority provided in this paragraph, the board must pass a resolution stating that it will do so, and must then review all such appeals until it passes a subsequent resolution stating that it will not review such appeals.

EFFECTIVE DATE. This section is effective for appeals denied after June 30, 2011.

Sec. 10. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property and seasonal residential recreational property, as defined in this section. The state general levy base amount for commercial-industrial property is ~~$592,000,000~~ $702,700,000 and the state general levy base amount for seasonal residential recreational property is $39,800,000 for taxes payable in ~~2002~~ 2012 and 2013. For taxes payable in subsequent years, the levy base amount is ~~increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable~~ decreased as follows:

(1) for taxes payable in 2014, the state general levy base amount is $667,600,000 for commercial-industrial property and $37,800,000 for seasonal residential recreational property;

(2) for taxes payable in 2015, the state general levy base amount is $632,500,000 for commercial-industrial property and $35,800,000 for seasonal residential recreational property;

(3) for taxes payable in 2016, the state general levy base amount is $562,300,000 for commercial-industrial property and $31,800,000 for seasonal residential recreational property;

(4) for taxes payable in 2017, the state general levy base amount is $492,100,000 for commercial-industrial property and $27,800,000 for seasonal residential recreational property;

(5) for taxes payable in 2018, the state general levy base amount is $421,900,000 for commercial-industrial property and $23,800,000 for seasonal residential recreational property;

(6) for taxes payable in 2019, the state general levy base amount is $351,700,000 for commercial-industrial property and $19,800,000 for seasonal residential recreational property;

(7) for taxes payable in 2020, the state general levy base amount is $281,500,000 for commercial-industrial property and $15,800,000 for seasonal residential recreational property;

(8) for taxes payable in 2021, the state general levy base amount is $211,300,000 for commercial-industrial property and $11,800,000 for seasonal residential recreational property;

(9) for taxes payable in 2022, the state general levy base amount is $141,100,000 for commercial-industrial property and $7,800,000 for seasonal residential recreational property; and

(10) for taxes payable in 2023, the state general levy base amount is $70,900,000 for commercial-industrial property and $3,800,000 for seasonal residential recreational property.

The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final rate for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

(1) an erroneous report of taxable value by a local official;

(2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial or seasonal residential recreational property reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than $100,000.

Sec. 11. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of the state general tax must be levied by applying a uniform rate to all commercial-industrial tax capacity and five percent of the state general tax must be levied by applying a uniform rate to all seasonal residential recreational tax capacity.~~ On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy rate to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes levied in 2011, payable in 2012, and thereafter.

Sec. 12. **REPEALER.**

(a) Minnesota Statutes 2010, section 273.114, subdivision 1, is repealed.

(b) Minnesota Statutes 2010, section 275.025, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for taxes levied in 2023, payable in 2024, and thereafter.

ARTICLE 5

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes 2010, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities;

(6) qualified border retail facilities; or

(7) space necessary for and related to the activities listed in clauses (1) to (6).

(b) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those for administrative expenses, are spent only for activities within the district.

(c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.

(d) Notwithstanding the requirements of paragraph (a) and the finding requirements of section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

(1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before July 1, ~~2011~~ 2012, without the authority providing assistance under the provisions of this paragraph;

(2) construction of the project begins no later than July 1, ~~2011~~ 2012; ~~and~~

(3) the request for certification of the district is made no later than June 30, ~~2011~~ 2012; and

(4) for development of housing under this paragraph, the construction must begin before July 1,

2011.

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

Sec. 2. Minnesota Statutes 2010, section 469.176, subdivision 4m, is amended to read:

Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

(1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state, including construction jobs, and that the construction commences before July 1, ~~2011~~ 2012, and would not have commenced before that date without the assistance; or

(2) to make an equity or similar investment in a corporation, partnership, or limited liability company that the authority determines is necessary to make construction of a development that meets the requirements of clause (1) financially feasible.

(b) The authority may undertake actions under the authority of this subdivision only after approval by the municipality of a written spending plan that specifically authorizes the authority to take the actions. The municipality shall approve the spending plan only after a public hearing after published notice in a newspaper of general circulation in the municipality at least once, not less than ten days nor more than 30 days prior to the date of the hearing.

(c) The authority to spend tax increments under this subdivision expires December 31, ~~2011~~ 2012.

(d) For a development consisting of housing, the authority to spend tax increments under this subdivision expires December 31, 2011, and construction must commence before July 1, 2011.

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

Sec. 3. Laws 2010, chapter 389, article 7, section 22, is amended to read:

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 east by Ramsey Boulevard, 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. 4. **CITY OF COHASSET; USE OF TAX INCREMENTS.**

The authority operating tax increment financing districts No. 2-1 and No. 3-1 in the city of Cohasset may transfer tax increments from each of those districts to the city in an amount equal to the advances made by the city from its general fund to finance expenditures under Minnesota Statutes, section 469.176, subdivision 4, for the benefit of that district.

EFFECTIVE DATE. This section is effective the day following final enactment, upon approval by the governing body of the city of Cohasset and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 5. **CITY OF LINO LAKES; TAX INCREMENT FINANCING.**

Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Lino Lakes may collect tax increments from tax increment financing district No. 1-10 through December 31, 2023, subject to the conditions in subdivision 2.

Subd. 2. **Conditions for extension.** All tax increments remaining in the account for the district after February 1, 2011, and all tax increments collected thereafter, must be used only to pay debt service on bonds issued to finance the interchange of Anoka County Highway 23 and marked Interstate Highway 35W, bonds issued to finance public improvements serving the development known as Legacy at Woods Edge, and any bonds issued to refund those bonds. Minnesota Statutes, sections 469.176, subdivision 4c, and 469.1763 do not apply to expenditures made under this section.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Lino Lakes with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

ARTICLE 6

MINERALS

Section 1. Minnesota Statutes 2010, section 290.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and mining, producing, or refining other ores, metals, and minerals, the mining ~~or~~, production, or refining of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions; and

(c) any insurance company.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 2. Minnesota Statutes 2010, section 297A.68, subdivision 4, is amended to read:

Subd. 4. **Taconite, other ores, metals, or minerals; production materials.** Mill liners, grinding rods, and grinding balls that are substantially consumed in the production of taconite or other ores, metals, or minerals are exempt when sold to or stored, used, or consumed by persons taxed under the in-lieu or net proceeds provisions of chapter 298.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2011.

Sec. 3. Minnesota Statutes 2010, section 298.001, is amended by adding a subdivision to read:

Subd. 10. **Refining.** "Refining" means and is limited to refining:

(1) of ores, metals, or mineral products, the mining, extraction, or quarrying of which were subject to tax under section 298.015; and

(2) carried out by the entity, or an affiliated entity, that mined, extracted, or quarried the metal or mineral products.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 298.01, subdivision 3, is amended to read:

Subd. 3. **Occupation tax; other ores.** (a) Every person engaged in the business of mining, refining, or producing ores, metals, or minerals in this state, except iron ore or taconite concentrates, shall pay an occupation tax to the state of Minnesota as provided in this subdivision. For purposes of this subdivision, mining includes the application of hydrometallurgical processes. The tax is

determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax must be computed by applying to taxable income the rate ~~of 2.45 percent~~ set in paragraph (b). A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

(b) The rate of the tax imposed under this subdivision is as provided in this paragraph for the following taxable years:

(1) for 2012 and 2013, 2.45 percent;

(2) for 2014, 2.23 percent;

(3) for 2015, 2.11 percent;

(4) for 2016, 1.99 percent;

(5) for 2017, 1.74 percent;

(6) for 2018, 1.50 percent;

(7) for 2019, 1.26 percent;

(8) for 2020, 1.02 percent;

(9) for 2021, .78 percent;

(10) for 2022, .54 percent;

(11) for 2023, .30 percent; and

(12) for 2024 and subsequent years, .06 percent.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 5. Minnesota Statutes 2010, section 298.01, subdivision 3a, is amended to read:

Subd. 3a. **Gross income.** (a) For purposes of determining a person's taxable income under subdivision 3, gross income is determined by the amount of gross proceeds from mining in this state under section 298.016 and includes any gain or loss recognized from the sale or disposition of assets used in the business in this state. If more than one ore, mineral, or metal~~, or energy resource~~ referred to in section 298.016 is mined and processed at the same mine and plant, a gross income for each ore, mineral, or metal~~, or energy resource~~ must be determined separately. The gross incomes may be combined on one occupation tax return to arrive at the gross income of all production.

(b) In applying section 290.191, subdivision 5, transfers of ores, metals, or minerals that are subject to tax under this chapter are deemed to be sales in this state.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 6. Minnesota Statutes 2010, section 298.015, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** A person engaged in the business of mining shall pay to the state of Minnesota for distribution as provided in section 298.018 a net proceeds tax equal to two percent of the net proceeds from mining in Minnesota. The tax applies to all ~~mineral and energy resources~~ ores, metals, and minerals mined ~~or~~, extracted, produced, or refined within the state of Minnesota except for sand, silica sand, gravel, building stone, crushed rock, limestone, granite, dimension granite, dimension stone, horticultural peat, clay, soil, iron ore, and taconite concentrates. The tax is in addition to all other taxes provided for by law.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 7. Minnesota Statutes 2010, section 298.015, subdivision 2, is amended to read:

Subd. 2. **Net proceeds.** For purposes of this section, the term "net proceeds" means the gross proceeds from mining, as defined in section 298.016, less the deductions ~~allowed in section 298.017~~ for purposes of determining taxable income under section 298.01, subdivision 3b, applied to the mining, production, processing, beneficiation, smelting, or refining of metal or mineral products. No other credits or deductions shall apply to this tax ~~except for those provided in section 298.017~~.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 8. Minnesota Statutes 2010, section 298.016, subdivision 4, is amended to read:

Subd. 4. ~~**Definitions**~~ **Metal or mineral products; definition.** For the purposes of ~~sections 298.015 and 298.017~~ this section, ~~the terms defined in this subdivision have the meaning given them unless the context clearly indicates otherwise.~~

~~(a)~~ "metal or mineral products" means all those ~~mineral and energy resources~~ ores, metals, and minerals subject to the tax provided in section 298.015.

~~(b) "Exploration" means activities designed and engaged in to ascertain the existence, location, extent, or quality of any deposit of metal or mineral products prior to the development of a mining site.~~

~~(c) "Development" means activities designed and engaged in to prepare or develop a potential mining site for mining after the existence of metal or mineral products in commercially marketable~~

~~quantities has been disclosed including, but not limited to, the clearing of forestation, the building of roads, removal of overburden, or the sinking of shafts.~~

~~(d) "Research" means activities designed and engaged in to create new or improved methods of mining, producing, processing, beneficiating, smelting, or refining metal or mineral products.~~

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010.

Sec. 9. Minnesota Statutes 2010, section 298.225, subdivision 1, is amended to read:

Subdivision 1. **Guaranteed distribution.** (a) The distribution of the taconite production tax as provided in section 298.28, subdivisions 3 to 5, 6, paragraph (b), and 7, ~~and 8,~~ shall equal the lesser of the following amounts:

(1) the amount distributed pursuant to this section and section 298.28, with respect to 1983 production if the production for the year prior to the distribution year is no less than 42,000,000 taxable tons. If the production is less than 42,000,000 taxable tons, the amount of the distributions shall be reduced proportionately at the rate of two percent for each 1,000,000 tons, or part of 1,000,000 tons by which the production is less than 42,000,000 tons; or

(2)(i) for the distributions made pursuant to section 298.28, subdivisions 4, paragraphs (b) and (c), and 6, paragraph (c), 31.2 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production;

(ii) for the distributions made pursuant to section 298.28, subdivision 5, paragraphs (b) and (d), 75 percent of the amount distributed pursuant to this section and section 298.28, with respect to 1983 production.

(b) The distribution of the taconite production tax as provided in section 298.28, subdivision 2, shall equal the following amount:

(1) if the production for the year prior to the distribution year is at least 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production; or

(2) if the production for the year prior to the distribution year is less than 42,000,000 taxable tons, the amount distributed pursuant to this section and section 298.28 with respect to 1999 production, reduced proportionately at the rate of two percent for each 1,000,000 tons or part of 1,000,000 tons by which the production is less than 42,000,000 tons.

EFFECTIVE DATE. This section is effective for distributions in 2012 and thereafter.

Sec. 10. Minnesota Statutes 2010, section 298.24, subdivision 1, is amended to read:

Subdivision 1. **Imposed; calculation.** (a) For concentrate produced in ~~2001, 2002, and 2003~~ 2011 and subsequent years, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, and upon other iron-bearing material, a tax of ~~$2.103~~ $2.074 per gross ton of merchantable iron ore concentrate produced therefrom~~. For concentrates produced in 2005, the tax rate is the same rate imposed for concentrates produced in 2004. For concentrates produced in 2009 and subsequent years, the tax is also imposed upon other iron-bearing material.~~

(b) ~~For concentrates produced in 2006 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" means the implicit price deflator for the gross domestic product prepared by the Bureau of Economic Analysis of the United States Department of Commerce.~~

~~(c)~~ An additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

~~(d)~~ (c) The tax on taconite and iron sulphides shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable. The tax on other iron-bearing material shall be imposed on the current year production.

~~(e)~~ (d) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of ~~$2.103~~ $2.074 per gross ton of merchantable iron ore concentrate produced shall be imposed.

~~(f)~~ (e) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

~~(g)~~ (f)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's commercial production of direct reduced ore from ore mined in this state, no tax is imposed under this section. As used in this paragraph, "commercial production" is production of more than 50,000 tons of direct reduced ore in the current year or in any prior year, "noncommercial production" is production of 50,000 tons or less of direct reduced ore in any year, and "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's commercial production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth commercial production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth commercial production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent commercial production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite, iron sulfides, or other iron-bearing material, the production of taconite, iron sulfides, or other iron-bearing material, that is consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite, iron sulfides, or other iron-bearing material.

(3) Notwithstanding any other provision of this subdivision, no tax is imposed on direct reduced ore under this section during the facility's noncommercial production of direct reduced ore. The

taconite or iron sulphides consumed in the noncommercial production of direct reduced ore is subject to the tax imposed by this section on taconite and iron sulphides. Three-year average production of direct reduced ore does not include production of direct reduced ore in any noncommercial year. Three-year average production for a direct reduced ore facility that has noncommercial production is the average of the commercial production of direct reduced ore for the current year and the previous two commercial years.

(4) This paragraph applies only to plants for which all environmental permits have been obtained and construction has begun before July 1, 2008.

EFFECTIVE DATE. This section is effective for production in 2011 and thereafter.

Sec. 11. Minnesota Statutes 2010, section 298.28, subdivision 3, is amended to read:

Subd. 3. **Cities; towns.** (a) ~~12.5~~ 12.2 cents per taxable ton, less any amount distributed under ~~subdivision 8, and~~ paragraph (b), must be allocated to the taconite municipal aid account to be distributed as provided in section 298.282.

(b) An amount must be allocated to towns or cities that is annually certified by the county auditor of a county containing a taconite tax relief area as defined in section 273.134, paragraph (b), within which there is (1) an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore or (2) a city if, as of January 2, 1980, more than 75 percent of the assessed valuation of the city consists of iron ore.

(c) The amount allocated under paragraph (b) will be the portion of a township's or city's certified levy equal to the proportion of (1) the difference between 50 percent of January 2, 1982, assessed value in the case of a township and 50 percent of the January 2, 1980, assessed value in the case of a city and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1), provided that the amount distributed shall not exceed $55 per capita in the case of a township or $75 per capita in the case of a city. For purposes of this limitation, population will be determined according to the 1980 decennial census conducted by the United States Bureau of the Census. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, or if the current assessed value of the city exceeds 50 percent of the city's January 2, 1980, assessed value, this paragraph shall not apply. For purposes of this paragraph, "assessed value," when used in reference to years other than 1980 or 1982, means the appropriate net tax capacities multiplied by 10.2.

(d) In addition to other distributions under this subdivision, ~~three~~ 3.1 cents per taxable ton for distributions in ~~2009~~ 2012 and subsequent years must be allocated for distribution to towns that are entirely located within the taconite tax relief area defined in section 273.134, paragraph (b). ~~For distribution in 2010 and subsequent years, the three-cent amount must be annually increased in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.~~ The amount available under this paragraph will be distributed to eligible towns on a per capita basis, provided that no town may receive more than $50,000 in any year under this paragraph. Any amount of the distribution that exceeds the $50,000 limitation for a town under this paragraph must be redistributed on a per capita basis among the other eligible towns, to whose distributions do not exceed $50,000.

Sec. 12. Minnesota Statutes 2010, section 298.28, subdivision 6, is amended to read:

Subd. 6. **Property tax relief.** (a) In ~~2002~~ 2012 and thereafter, ~~33.9~~ 41.6 cents per taxable ton, less any amount required to be distributed under paragraphs (b) and (c), or section 298.2961, subdivision 5, must be allocated to St. Louis County acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .1875 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county.

(c) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a school district other than a school district in which the mining and concentrating processes are conducted, .4541 cent per taxable ton of the tax imposed and collected from the taxpayer shall be paid to the school district.

Sec. 13. Minnesota Statutes 2010, section 298.28, subdivision 7, is amended to read:

Subd. 7. **Iron Range Resources and Rehabilitation Board.** For the ~~1998~~ 2012 and subsequent years distribution, ~~6.5~~ 8.3 cents per taxable ton shall be paid to the Iron Range Resources and Rehabilitation Board for the purposes of section 298.22. ~~That amount shall be increased in 1999 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.~~ The amount distributed pursuant to this subdivision shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341. No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor.

Sec. 14. Minnesota Statutes 2010, section 298.28, subdivision 9, is amended to read:

Subd. 9. **Douglas J. Johnson economic protection trust fund.** In ~~1999, 3.35~~ 2012 and subsequent years, 4.2 cents per taxable ton shall be paid to the Douglas J. Johnson economic protection trust fund.

Sec. 15. Minnesota Statutes 2010, section 298.28, subdivision 9b, is amended to read:

Subd. 9b. **Taconite environmental fund.** In 2012 and subsequent years, five cents per ton, plus the amount paid to the fund in 2011 under subdivision 10, paragraph (b), must be paid to the taconite environmental fund for use under section 298.2961, subdivision 4.

Sec. 16. **REPEALER.**

(a) Minnesota Statutes 2010, sections 298.227; and 298.28, subdivisions 8, 9a, 9c, and 10, are repealed.

(b) Minnesota Statutes 2010, section 298.285, is repealed.

(c) Minnesota Statutes 2010, section 298.017, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for distributions in 2012 and thereafter of taxes on production in 2011 and thereafter. Paragraph (b) is effective June 30, 2011. Paragraph (c) is effective for taxable years beginning after December 31, 2010.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 270A.03, subdivision 2, is amended to read:

Subd. 2. **Claimant agency.** "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city, including a city that is presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county or city in which it is located, any ambulance service licensed under chapter 144E, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program, and the Minnesota collection enterprise as defined in section 16D.02, subdivision 8, for the purpose of collecting the costs imposed under section 16D.11. ~~A county may act as a claimant agency on behalf of an ambulance service licensed under chapter 144E if the ambulance service's primary service area is located at least in part within the county, but more than one county may not act as a claimant agency for a licensed ambulance service with respect to the same debt.~~

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

Sec. 2. Minnesota Statutes 2010, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. **Notification requirement.** (a) Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

(b) For each setoff of a debt against a refund due, the commissioner shall charge a fee of $15. The proceeds of fees shall be allocated by depositing $4 of each $15 fee collected into a Department of Revenue recapture revolving fund and depositing the remaining balance into the general fund. The sums deposited into the revolving fund are appropriated to the commissioner for the purpose of administering the Revenue Recapture Act.

(c) ~~For each debt for which a county acts as claimant agency on behalf of a licensed ambulance service, the county may charge the ambulance service a fee not to exceed the cost of administering the claim.~~

~~(d)~~ The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least $200 within 30 days after satisfaction or reduction.

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

Sec. 3. Minnesota Statutes 2010, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. The report must also include information on the distribution of the burden of federal taxes borne by

Minnesota residents.

EFFECTIVE DATE. This section is effective beginning with the report due in March 2013.

Sec. 4. **APPROPRIATION; TAX INCIDENCE REPORT.**

$15,000 in fiscal year 2012 and $15,000 in fiscal year 2013 are appropriated from the general fund to the commissioner of revenue for the change to the tax incidence report in section 3.

Sec. 5. **CASH FLOW ACCOUNT REDUCTION.**

On July 1, 2011, the commissioner of management and budget shall cancel $216,000,000 of the balance in the cash flow account in Minnesota Statutes, section 16A.152, to the general fund.

Sec. 6. **BUDGET RESERVE REDUCTION.**

On July 1, 2011, the commissioner of management and budget shall cancel $8,665,000 of the balance in the budget reserve account in Minnesota Statutes, section 16A.152, to the general fund."

Delete the title and insert:

"A bill for an act relating to the financing of state and local government; making technical, policy, administrative, enforcement, and clarifying changes to taxes on individual income, estates, sales and uses, property, minerals, local taxes, aids to local governments; reducing and eliminating certain payments and credits; modifying property tax refund payments; authorizing grants; modifying the rural preserve program; reducing and eliminating the state general levy; modifying various taxes and tax-related provisions; providing income tax, estate tax, sales tax, and property tax exemptions; authorizing local sales taxes; permitting certain appeals; modifying tax increment financing authorities; requiring studies; setting the levels of the cash flow account and the budget reserve account; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 270A.03, subdivisions 2, 7; 270A.07, subdivision 1; 270B.12, by adding a subdivision; 270C.13, subdivision 1; 272.02, subdivision 39, by adding a subdivision; 273.111, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.13, subdivisions 21b, 23, 25, 34; 273.1384, subdivisions 1, 3, 4, by adding a subdivision; 273.1393; 273.1398, subdivisions 3, 4; 274.01, subdivision 1; 275.025, subdivisions 1, 4; 275.08, subdivision 1a; 276.04, subdivision 2; 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.05, subdivision 1; 290.0674, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions 11, 13; 290A.04, subdivisions 2, 4; 291.005, subdivision 1; 291.03, subdivision 1, by adding subdivisions; 297A.67, subdivision 7, by adding subdivisions; 297A.68, subdivision 4; 297A.70, subdivisions 1, 2, 3, 8; 297A.75, subdivisions 1, 2, 3; 297A.82, subdivision 4; 297A.99, subdivisions 1, 3, by adding subdivisions; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a; 298.015, subdivisions 1, 2; 298.016, subdivision 4; 298.225, subdivision 1; 298.24, subdivision 1; 298.28, subdivisions 3, 6, 7, 9, 9b; 469.176, subdivisions 4c, 4m; 477A.0124, by adding a subdivision; 477A.013, subdivision 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 275; 290; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 273.1398, subdivision 4; 275.025; 275.295;

290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 298.017; 298.227; 298.28, subdivisions 8, 9a, 9c, 10; 298.285; 477A.145; Minnesota Rules, part 8130.0500, subpart 2."

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

Senator Ingebrigtsen from the Committee on Environment and Natural Resources, to which was referred

S.F. No. 712: A bill for an act relating to state lands; modifying valuation methods of acquired lands; adding to and deleting from state parks, state recreation areas, state forests, and state wildlife management areas; authorizing public and private sales of certain surplus state lands; amending Minnesota Statutes 2010, sections 84.0272, subdivision 3; 85.052, subdivision 4; 89.021, subdivision 48.

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

Page 2, after line 19, insert:

"Sec. 4. **[97A.134] ADOPT-A-WMA PROGRAM.**

Subdivision 1. **Creation.** The Minnesota adopt-a-WMA (wildlife management area) program is established. The commissioner shall coordinate the program through the regional offices of the Department of Natural Resources.

Subd. 2. **Purpose.** The purpose of the program is to encourage sporting, outdoor, business, and civic groups or individuals to assist, on a volunteer basis, in improving and maintaining wildlife management areas.

Subd. 3. **Agreements.** (a) The commissioner shall enter into informal agreements with sporting, outdoor, business, and civic groups or individuals for volunteer services to maintain and make improvements to real property on state wildlife management areas in accordance with plans devised by the commissioner after consultation with the groups or individuals.

(b) The commissioner may erect appropriate signs to recognize and express appreciation to groups and individuals providing volunteer services under the adopt-a-WMA program.

(c) The commissioner may provide assistance to enhance the comfort and safety of volunteers and to facilitate the implementation and administration of the adopt-a-WMA program."

Page 2, line 24, after "West" insert ", lying south of Scenic Highway"

Page 2, line 25, delete "LESS the" and insert "lying south of Scenic Highway."

Page 2, delete lines 26 to 34

Page 3, delete lines 1 to 7

Page 3, after line 13, insert:

"Sec. 6. **DELETION TO STATE PARK.**

[85.012] [Subd. 26.] Hayes Lake State Park, Roseau County. The following area is deleted

from Hayes Lake State Park: That part of the Northeast Quarter of Section 32, Township 160, Range 38, Roseau County, Minnesota, described as follows: Commencing at the northwest corner of said Northeast Quarter; thence on an assumed bearing of South 0 degrees 31 minutes 43 seconds East, along the west line of said Northeast Quarter, a distance of 362.02 feet, to the point of beginning of the land to be described; thence South 4 degrees 21 minutes 42 seconds East, a distance of 2286.25 feet, to the south line of said Northeast Quarter; thence westerly along said south line a distance of 152.84 feet to the southwest corner of said Northeast Quarter; thence northerly along the westerly line of said Northeast Quarter, a distance of 103.15 feet, to the south line of the north 160.7 feet of the south 263.85 feet of said Northeast Quarter; thence easterly along said south line of the north 160.7 feet of the south 263.85 feet, a distance of 45 feet, to the east line of the west 45 feet of said Northeast Quarter; thence north, along the east line of said west 45 feet, a distance of 160.7 feet to the north line of said south 263.85 feet of the Northeast Quarter; thence westerly a distance of 45 feet, to the west line of said Northeast Quarter; thence northerly along said west line, to the point of beginning. Containing 4.00 acres, more or less."

Page 5, after line 6, insert:

"Sec. 12. **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. Prior to the sales, the commissioner of revenue shall grant a permanent conservation easement according to Minnesota Statutes, section 282.37, as to the parcel described in paragraph (c), clause (3). The easement for the parcel described in paragraph (c), clause (3), shall be 132 feet in width, lying 66 feet on each side of the centerline of the designated trout stream to provide riparian protection and angler access.

(c) The lands to be sold are located in Carlton County and are described as:

(1) the Northwest Quarter of the Northeast Quarter or Government Lot 2, Section 6, Township 49 North, Range 17 West (parcel ID number 06-510-1010);

(2) the Southwest Quarter of the Northeast Quarter, Section 6, Township 49 North, Range 17 West (parcel ID number 06-510-1020);

(3) the Northeast Quarter of the Southwest Quarter, Section 9, Township 49 North, Range 17 West (parcel ID number 06-510-1600);

(4) Government Lot 4, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0790);

(5) Government Lot 11, Section 5, Township 49 North, Range 18 West (parcel ID number 92-010-0830);

(6) Government Lot 8, Section 6, Township 49 North, Range 18 West (parcel ID number 92-010-0920);

(7) the Northeast Quarter of the Southwest Quarter, Section 6, Township 49 North, Range 18 West (parcel ID number 92-010-1020);

(8) the Northwest Quarter of the Northwest Quarter, Section 7, Township 49 North, Range 18 West (parcel ID number 92-010-1150);

(9) the Northwest Quarter of the Southeast Quarter, Section 7, Township 49 North, Range 18 West (parcel ID number 92-010-1230);

(10) the Southwest Quarter of the Southeast Quarter, Section 7, Township 49 North, Range 18 West (parcel ID number 92-010-1240);

(11) the Southwest Quarter of the Northeast Quarter, Section 10, Township 49 North, Range 18 West (parcel ID number 92-010-1600);

(12) the Northeast Quarter of the Northwest Quarter, Section 17, Township 49 North, Range 18 West (parcel ID number 92-010-2850);

(13) the Northwest Quarter of the Northwest Quarter, Section 17, Township 49 North, Range 18 West (parcel ID number 92-010-2860);

(14) the Northeast Quarter of the Northeast Quarter, Section 18, Township 49 North, Range 18 West (parcel ID number 92-010-2990);

(15) part of the Northwest Quarter of the Northeast Quarter, Section 18, Township 49 North, Range 18 West (parcel ID number 92-010-3000);

(16) the Southwest Quarter of the Northeast Quarter, Section 18, Township 49 North, Range 18 West (parcel ID number 92-010-3010);

(17) the Northwest Quarter of the Southeast Quarter, Section 18, Township 49 North, Range 18 West (parcel ID number 92-010-3120);

(18) the Southwest Quarter of the Southeast Quarter, Section 18, Township 49 North, Range 18 West (parcel ID number 92-010-3130);

(19) the Southwest Quarter of the Northwest Quarter, Section 19, Township 49 North, Range 18 West (parcel ID number 92-010-3210);

(20) the Northwest Quarter of the Southwest Quarter, Section 19, Township 49 North, Range 18 West (parcel ID number 92-010-3240);

(21) the Southeast Quarter of the Northwest Quarter, Section 20, Township 49 North, Range 18 West (parcel ID number 92-010-3380);

(22) the Northeast Quarter of the Southwest Quarter, Section 20, Township 49 North, Range 18 West (parcel ID number 92-010-3390);

(23) the Southeast Quarter of the Southeast Quarter, Section 29, Township 49 North, Range 18 West (parcel ID number 92-034-5600);

(24) Government Lot 1, Section 30, Township 49 North, Range 18 West (parcel ID number 92-034-5660);

(25) Government Lot 7, Section 30, Township 49 North, Range 18 West (parcel ID number 92-034-5730);

(26) the Southwest Quarter of the Southwest Quarter, Section 26, Township 49 North, Range 19 West (parcel ID number 94-040-4090);

(27) the Northwest Quarter of the Southeast Quarter, Section 35, Township 49 North, Range 19 West (parcel ID number 94-052-5570);

(28) part of the Southeast Quarter of the Southwest Quarter, Section 36, Township 49 North, Range 19 West (parcel ID number 94-052-5700); and

(29) the Southeast Quarter of the Northwest Quarter, Section 3, Township 48 North, Range 18 West (parcel ID number 98-010-0530).

(d) The county auditor shall first offer the land identified as parcel number 92-034-5600 in paragraph (c), clause (23), to the Minnesota Department of Natural Resources for sale at the appraised value. The consideration for the sale may also include survey and appraisal costs.

(e) The county auditor shall first offer the land identified as parcel numbers 06-510-1010; 06-510-1020; 92-010-0920; 92-010-1150; 92-010-3010; 92-010-3120; 92-010-3130; 92-010-3210; 92-010-3240; 92-010-3390; 92-034-5660; and 92-034-5730 in paragraph (c), clauses (1), (2), (6), (8), (16), (17), (18), (19), (20), (22), (24), and (25) to the Fond du Lac Band of Lake Superior Chippewa for sale at the appraised value. The consideration for the sales may also include survey and appraisal costs.

(f) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

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

Sec. 13. **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. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37, as to parcels described in paragraph (c), clauses (3), (4), and (7). The easements for the parcels described in paragraph (c), clauses (3), (4), and (7), shall be 132 feet in width, lying 66 feet 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 Carlton County and is described as:

(1) the Southwest Quarter of the Southeast Quarter, Section 24, Township 47 North, Range 20 West (PIN 51-056-4070);

(2) the Northeast Quarter of the Southwest Quarter, Section 19, Township 47 North, Range 19

West (PIN 72-060-3000);

(3) the Northeast Quarter of the Southwest Quarter, Section 1, Township 47 North, Range 19 West (PIN 72-010-0060);

(4) the Northeast Quarter of the Southeast Quarter, Section 19, Township 47 North, Range 16 West (PIN 84-020-3110);

(5) the Northeast Quarter of the Northeast Quarter, Section 11, Township 48 North, Range 17 West (PIN 81-030-2140);

(6) Government Lot 3, Section 22, Township 48 North, Range 18 West (PIN 33-010-1141);

(7) the Northwest Quarter of the Southeast Quarter, Section 26, Township 48 North, Range 18 West (PIN 33-010-5080);

(8) the Northwest Quarter of the Southeast Quarter, Section 33, Township 48 North, Range 20 West (PIN 90-010-6060);

(9) the Southeast Quarter of the Northwest Quarter, Section 34, Township 48 North, Range 20 West (PIN 90-010-6160); and

(10) the Northeast Quarter of the Northeast Quarter, Section 35, Township 48 North, Range 20 West (PIN 90-010-6270).

(d) The county auditor shall first offer the land identified as parcel number 81-030-2140 in paragraph (c), clause (5), to the Minnesota Department of Natural Resources for sale at the appraised value. The consideration for the sale may also include survey and appraisal costs.

(e) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

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

Page 7, after line 10, insert:

"Sec. 17. **SALE 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 sell the tax-forfeited lands bordering public waters that are 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 necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Itasca County and is described as:

(1) that part of the North Half of the South Half of Lot 2, lying east of County State-Aid Highway 39, Section 27, Township 145, Range 26; and

(2) that part of the Southwest Quarter of the Northwest Quarter lying east of Trunk Highway 6, Section 35, Township 146, Range 25.

(d) The county has determined that the county's land management interests would be best served if the lands are returned to private ownership.

Sec. 18. **PRIVATE SALE OF TAX-FORFEITED LAND; ITASCA COUNTY.**

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may sell by private sale to the adjoining landowner the tax-forfeited lands that are 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 necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be sold is in Itasca County and is described as: the East 100 feet of the Northeast Quarter of the Northeast Quarter of Section 28, Township 62 North, Range 24 West.

(d) The land sale will resolve a building encroachment with the adjacent landowner.

Sec. 19. **TAX-FORFEITED LAND REPURCHASE; ITASCA COUNTY.**

(a) Notwithstanding the time limit for repurchase under Minnesota Statutes, section 282.241, Itasca County may allow the repurchase by December 31, 2011, by the owner of record at the time of forfeiture of the tax-forfeited land described in paragraph (b) under the remaining provisions of Minnesota Statutes, sections 282.241 to 282.324.

(b) The land to be repurchased is described as: outlets O and P, Plat of Eagle Ridge, Coleraine City, according to the plat on file and of record in the office of the county recorder for Itasca County.

(c) The county has determined that an undue injustice resulting from forfeiture will be corrected and the county's land management interests would be best served if the lands were returned to private ownership."

Page 8, after line 6, insert:

"Sec. 21. **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 and upon completion of a land exchange, Pine County may sell by private sale to the adjoining landowner 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: that part of the Southeast Quarter of the Southeast Quarter of Section 11, Township 42 North, Range 17 West, Wilma Township, Pine County, Minnesota which lies East of the centerline of as built Schmedeke Lane, said centerline hereinafter called Line "A". Description of Line "A": Assuming that the south line of the said Southeast Quarter of the Southeast Quarter of Section 11 to bear North 89 degrees 00 minutes 28 seconds West and commencing at the southeast corner of said Section 11; thence North 89 degrees 00 minutes 28 seconds West, along the south line of said Southeast Quarter of the Southeast Quarter of Section 11, a distance of 57.10 U.S. survey feet to the point of beginning of said centerline of as built Schmedeke Lane; thence North 02 degrees 28 minutes 18 seconds West, a distance of 927.30 U.S. survey feet; thence North 03 degrees 56 minutes 22 seconds West,

a distance of 316.10 U.S. survey feet; thence North 01 degrees 31 minutes 43 seconds East, a distance of 96.18 U.S. survey feet to the north line of said Southeast Quarter of the Southeast Quarter of Section 11 and Line "A" there terminating. Subject to an easement for Pine County Road Number 141. Said easement lies South of a line run parallel with and 33.00 feet North of the south line of said Southeast Quarter of the Southeast Quarter of Section 11. The sideline of said easement is to be prolonged or shortened to terminate on the east line of said Southeast Quarter of the Southeast Quarter of Section 11. Subject to an easement for as built Schmedeke Lane. Said easement lies West of a line run parallel with and 16.50 feet East of said centerline called Line "A". The sideline of said easement is to be prolonged or shortened to terminate on the north line of said Southeast Quarter of the Southeast Quarter of Section 11.

(d) The county has determined that the county's land management interests would best be served if the land was returned to private ownership."

Page 8, after line 35, insert:

"Sec. 23. **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 lands to be sold are located in St. Louis County and are described as:

(1) Lots 1 and 3, Block 3, Central Division of West Duluth, Section 7, Township 49 North, Range 14 West (parcel number 010-0420-00240);

(2) Lots 5 to 9 odd-numbered lots, Block 3, Central Division of West Duluth, Section 7, Township 49 North, Range 14 West (parcel number 010-0420-00260);

(3) that part of Lot 13, Block 3, described as follows: Commencing at the northwest corner; running thence East 23 feet; thence southwesterly to the west line of said lot; thence North along said lot 9 feet to the place of beginning, Section 7, Township 49 North, Range 14 West (parcel number 010-0420-00290);

(4) part of Lots 97, 99, and 101, Block 137, Duluth Proper Third Division, Section 28, Township 50 North, Range 14 West (parcel number 010-1350-10560);

(5) part of that part of the Southeast Quarter described as follows: Commencing at a point 20 rods West of the northeast corner of the Southeast Quarter of said Section 6; thence westerly along the northerly line of said quarter section 8 rods; thence South at right angles with last mentioned line 20 rods; thence East 8 rods; thence North 20 rods to the place of beginning. One acre, except that part adjoining Lots 1, 2, and 3, Block 11, Resurvey of Murray and Howes Addition, lying South of the south line of the 8th Street extension, Section 6, Township 49 North, Range 14 West (parcel number 010-2700-00320);

(6) Lot 14, Block 1, including that part of the vacant alley adjacent, Riverside Park, 2nd Addition to Duluth, Section 27, Township 49 North, Range 15 West (parcel number 010-3980-00140);

(7) Lot 15, Block 1, including part of the vacant alley adjacent, Riverside Park, 2nd Addition to Duluth, Section 27, Township 49 North, Range 15 West (parcel number 010-3980-00150); and

(8) Lot 16, Block 1, including part of the vacant alley adjacent, Riverside Park, 2nd Addition to Duluth, Section 27, Township 49 North, Range 15 West (parcel number 010-3980-00160).

(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. **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 lands to be sold are located in St. Louis County and are described as:

(1) the West 133 feet of the Southwest Quarter of the Southwest Quarter, except the South 110 feet, Section 16, Township 50 North, Range 14 West (parcel number 010-2710-04090);

(2) the Southwest Quarter of the Southwest Quarter of the Southwest Quarter, except the West 133 feet, Section 16, Township 50 North, Range 14 West (parcel number 010-2710-04100);

(3) the Northeast Quarter of the Northeast Quarter, Section 10, Township 50 North, Range 17 West (parcel number 275-0013-00220). Conveyance of this land must provide, for no consideration, an easement to the state that is 66 feet in width from the ordinary high water level, to provide riparian protection and angler access;

(4) the Northeast Quarter of the Northwest Quarter, except that part West of the road, Section 25, Township 53 North, Range 21 West (parcel number 285-0010-03900);

(5) that part of the Southeast Quarter of the Southeast Quarter lying North and West of the East Two River, Section 4, Township 57 North, Range 18 West (parcel number 295-0013-00220). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the river, to provide riparian protection and angler access;

(6) the Northeast Quarter of the Northwest Quarter, Section 17, Township 55 North, Range 16 West (parcel number 320-0010-2630);

(7) the Northeast Quarter of the Southeast Quarter, Section 13, Township 55 North, Range 17 West (parcel number 320-0020-02070);

(8) all of Lot 20 and the easterly Half of Lot 21, Michaels Beach, Town of Ellsburg, Section 6, Township 55 North, Range 17 West (parcel number 320-0100-00200);

(9) the Northeast Quarter of the Southwest Quarter, except that part subject to flowage rights, Section 28, Township 52 North, Range 15 West (parcel number 365-0010-05120);

(10) Lot 7, plat of Grand Lake, except that part platted as Klimeks Addition, Section 31, Township 51 North, Range 16 West (parcel number 380-0010-06000);

(11) Lot 5, plat of Grand Lake, Section 31, Township 51 North, Range 16 West (parcel number 380-0010-06030);

(12) Lot 3, Section 34, Township 51 North, Range 16 West (parcel number 380-0010-06870). Conveyance of this land must provide, for no consideration, an easement to the state that is 66 feet in width from the ordinary high water level, to provide riparian protection and angler access. One 15-foot strip is allowed for lake access and a dock;

(13) the North Half of the Southwest Quarter, except the North Half of the South Half and except the North Half and Lot 6, Section 6, Township 52 North, Range 19 West (parcel number 470-0010-00940). Conveyance of this land must provide, for no consideration, an easement to the state that is 66 feet in width from the ordinary high water level, to provide riparian protection and angler access;

(14) the Southwest Quarter of the Southeast Quarter, Section 10, Township 52 North, Range 17 West (parcel number 475-0010-01630). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the stream, to provide riparian protection and angler access;

(15) Lot 12, Riverside Suburban Homes, town of Rice Lake, Section 24, Township 51 North, Range 14 West (parcel number 520-0190-00120). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the stream, to provide riparian protection and angler access;

(16) Lots 13 to 16, Riverside Suburban Homes, town of Rice Lake, Section 24, Township 51 North, Range 14 West (parcel number 520-0190-00130). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the stream, to provide riparian protection and angler access;

(17) the Northeast Quarter of the Northwest Quarter, Section 28, Township 50 North, Range 16 West (parcel number 530-0010-05250); and

(18) Lot 2, Section 5, Township 53 North, Range 16 West (parcel number 673-0010-0070).

(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. 25. **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 lands to be sold are located in St. Louis County and are described as:

(1) the West Half of the East Half of the West Half of the Southwest Quarter of the Northwest Quarter, Section 5, Township 54 North, Range 16 West (parcel number 305-0010-00757);

(2) the easterly 600 feet of Lot 2, plat of Grand Lake, lying south of the North 1200 feet, Section 25, Township 52 North, Range 16 West (parcel number 380-0020-04127). Conveyance of this land must provide, for no consideration, an easement to the state that is 66 feet in width from the ordinary high water level, to provide riparian protection and angler access;

(3) Lot 3, Town Park Terrace, Hermantown, Section 16, Township 50 North, Range 15 West (parcel number 395-0180-00030). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the stream, to provide riparian protection and angler access;

(4) an undivided 1/2 interest of the Southwest Quarter of the Northwest Quarter, Section 12, Township 55 North, Range 20 West (parcel number 420-0030-01880). Conveyance of this land must provide, for no consideration, an easement to the state that is 132 feet in width, lying 66 feet on each side of the centerline of the river, to provide riparian protection and angler access;

(5) that part of the Southeast Quarter of the Southeast Quarter described as follows: Beginning 205 feet East of the southwest corner of the Southeast Quarter of the Southeast Quarter; running thence North 208 feet; thence East 130 feet; thence southerly along the center of Rock Creek to the south line of said forty; thence West 165 feet to the point of beginning, Section 29, Township 55 North, Range 18 West (parcel number 435-0020-05430); and

(6) that part of Lot 7 lying southwesterly of the westerly line of the Alborn Branch of the Duluth, Missabe and Iron Range Railway, Section 5, Township 53 North, Range 19 West (parcel number 440-0010-00505). Conveyance of this land must provide, for no consideration, an easement to the state that is 66 feet in width from the ordinary high water level, to provide riparian protection and angler access.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership."

Page 9, line 10, after "for" insert "public hunting,"

Page 9, line 11, after "management" insert a comma

Page 10, line 34, delete "9 to 15" and insert "11, 14 to 16, 20, 22, and 26"

Renumber the sections in sequence

Amend the title accordingly

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

SECOND READING OF SENATE BILLS

S.F. Nos. 958, 1029 and 27 were read the second time.

MEMBERS EXCUSED

Senators Howe and Scheid were excused from the Session of today.

ADJOURNMENT

Senator Koch moved that the Senate do now adjourn until 10:00 a.m., Tuesday, March 29, 2011. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate