

## SIXTY-FIFTH DAY

St. Paul, Minnesota, Monday, May 18, 2015

The Senate met at 9:00 a.m. and was called to order by the President.

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Rev. Dennis Morreim.

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

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

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

The President declared a quorum present.

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

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1458, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 1458:** A bill for an act relating to state government; establishing the health and human services budget; modifying provisions governing children and family services, chemical and mental health services, withdrawal management programs, direct care and treatment, health

care, continuing care, Department of Health programs, health care delivery, health licensing boards, and MNsure; making changes to medical assistance, general assistance, MFIP, Northstar Care for Children, MinnesotaCare, child care assistance, and group residential housing programs; establishing uniform requirements for public assistance programs related to income calculation, reporting income, and correcting overpayments and underpayments; creating the Department of MNsure; modifying requirements for reporting maltreatment of minors; establishing the Minnesota ABLE plan and accounts; modifying child support provisions; establishing standards for withdrawal management programs; modifying requirements for background studies; making changes to provisions governing the health information exchange; authorizing rulemaking; requiring reports; making technical changes; modifying certain fees for Department of Health programs; modifying fees of certain health-related licensing boards; making human services forecast adjustments; appropriating money; amending Minnesota Statutes 2014, sections 13.3806, subdivision 4; 13.46, subdivisions 2, 7; 13.461, by adding a subdivision; 15.01; 15A.0815, subdivision 2; 16A.724, subdivision 2; 43A.241; 62A.02, subdivision 2; 62A.045; 62J.497, subdivisions 1, 3, 4, 5; 62J.498; 62J.4981; 62J.4982, subdivisions 4, 5; 62J.692, subdivision 4; 62M.01, subdivision 2; 62M.02, subdivisions 12, 14, 15, 17, by adding subdivisions; 62M.05, subdivisions 3a, 3b, 4; 62M.06, subdivisions 2, 3; 62M.07; 62M.09, subdivision 3; 62M.10, subdivision 7; 62M.11; 62Q.02; 62U.02, subdivisions 1, 2, 3, 4; 62U.04, subdivision 11; 62V.02, subdivisions 2, 11, by adding a subdivision; 62V.03; 62V.05; 62V.06; 62V.07; 62V.08; 119B.011, subdivision 15; 119B.025, subdivision 1; 119B.035, subdivision 4; 119B.07; 119B.09, subdivision 4; 119B.10, subdivision 1; 119B.11, subdivision 2a; 119B.125, by adding a subdivision; 144.057, subdivision 1; 144.1501, subdivisions 1, 2, 3, 4; 144.215, by adding a subdivision; 144.225, subdivision 4; 144.291, subdivision 2; 144.293, subdivisions 6, 8; 144.298, subdivisions 2, 3; 144.3831, subdivision 1; 144.9501, subdivisions 6d, 22b, 26b, by adding subdivisions; 144.9505; 144.9508; 144A.70, subdivision 6, by adding a subdivision; 144A.71; 144A.72; 144A.73; 144D.01, by adding a subdivision; 144E.001, by adding a subdivision; 144E.275, subdivision 1, by adding a subdivision; 144E.50; 144F.01, subdivision 5; 145.928, by adding a subdivision; 145A.131, subdivision 1; 148.57, subdivisions 1, 2; 148.59; 148E.075; 148E.080, subdivisions 1, 2; 148E.180, subdivisions 2, 5; 149A.20, subdivisions 5, 6; 149A.40, subdivision 11; 149A.65; 149A.92, subdivision 1; 149A.97, subdivision 7; 150A.091, subdivisions 4, 5, 11, by adding subdivisions; 150A.31; 151.065, subdivisions 1, 2, 3, 4; 151.58, subdivisions 2, 5; 157.16; 169.686, subdivision 3; 174.29, subdivision 1; 174.30, subdivisions 3, 4, by adding subdivisions; 245.4661, subdivisions 5, 6, by adding subdivisions; 245.467, subdivision 6; 245.469, by adding a subdivision; 245.4876, subdivision 7; 245.4889, subdivision 1, by adding a subdivision; 245C.03, by adding a subdivision; 245C.08, subdivision 1; 245C.10, by adding subdivisions; 245C.12; 246.18, subdivision 8; 246.54, subdivision 1; 246B.01, subdivision 2b; 246B.10; 253B.18, subdivisions 4c, 5; 254B.05, subdivision 5; 254B.12, subdivision 2; 256.01, by adding subdivisions; 256.015, subdivision 7; 256.017, subdivision 1; 256.478; 256.741, subdivisions 1, 2; 256.962, subdivision 5, by adding a subdivision; 256.969, subdivisions 1, 2b, 3a, 3c, 9; 256.975, subdivision 8; 256B.056, subdivision 5c; 256B.057, subdivision 9; 256B.059, subdivision 5; 256B.06, by adding a subdivision; 256B.0615, subdivision 3; 256B.0622, subdivisions 1, 2, 3, 4, 5, 7, 8, 9, 10, by adding a subdivision; 256B.0624, subdivision 7; 256B.0625, subdivisions 3b, 9, 13, 13e, 13h, 14, 17, 17a, 18a, 18e, 31, 48, 57, 58, by adding subdivisions; 256B.0631; 256B.072; 256B.0757; 256B.0916, subdivisions 2, 11, by adding a subdivision; 256B.441, by adding a subdivision; 256B.49, subdivision 26, by adding a subdivision; 256B.4913, subdivisions 4a, 5; 256B.4914, subdivisions 2, 8, 10, 14, 15; 256B.69, subdivisions 5a, 5i, 6, 9c, 9d, by adding a subdivision; 256B.75; 256B.76, subdivisions 2, 4, 7; 256B.767; 256D.01, subdivision 1a; 256D.02,

subdivision 8, by adding subdivisions; 256D.06, subdivision 1; 256D.405, subdivision 3; 256E.35, subdivision 2, by adding a subdivision; 256I.03, subdivisions 3, 7, by adding subdivisions; 256I.04; 256I.05, subdivisions 1c, 1g; 256I.06, subdivisions 2, 6, 7, 8; 256J.08, subdivisions 26, 86; 256J.24, subdivisions 5, 5a; 256J.30, subdivisions 1, 9; 256J.35; 256J.40; 256J.95, subdivision 19; 256K.45, subdivisions 1a, 6; 256L.01, subdivisions 3a, 5; 256L.03, subdivision 5; 256L.04, subdivisions 1a, 1c, 7b; 256L.05, subdivisions 3, 3a, 4, by adding a subdivision; 256L.06, subdivision 3; 256L.11, by adding a subdivision; 256L.121, subdivision 1; 256L.15, subdivision 2; 256N.22, subdivisions 9, 10; 256N.24, subdivision 4; 256N.25, subdivision 1; 256N.27, subdivision 2; 256P.001; 256P.01, subdivision 3, by adding subdivisions; 256P.02, by adding a subdivision; 256P.03, subdivision 1; 256P.04, subdivisions 1, 4; 256P.05, subdivision 1; 257.0755, subdivisions 1, 2; 257.0761, subdivision 1; 257.0766, subdivision 1; 257.0769, subdivision 1; 257.75, subdivisions 3, 5; 259A.75; 260C.007, subdivisions 27, 32; 260C.203; 260C.212, subdivision 1, by adding subdivisions; 260C.221; 260C.331, subdivision 1; 260C.451, subdivisions 2, 6; 260C.515, subdivision 5; 260C.521, subdivisions 1, 2; 260C.607, subdivision 4; 282.241, subdivision 1; 290.0671, subdivision 6; 297A.70, subdivision 7; 514.73; 514.981, subdivision 2; 518A.26, subdivision 14; 518A.32, subdivision 2; 518A.39, subdivision 1, by adding a subdivision; 518A.41, subdivisions 1, 3, 4, 14, 15; 518A.43, by adding a subdivision; 518A.46, subdivision 3, by adding a subdivision; 518A.51; 518A.53, subdivisions 1, 4, 10; 518A.60; 518C.802; 580.032, subdivision 1; 626.556, subdivisions 1, as amended, 2, 3, 6a, 7, as amended, 10, 10e, 10j, 10m, 11c, by adding subdivisions; Laws 2008, chapter 363, article 18, section 3, subdivision 5; Laws 2013, chapter 108, article 14, section 12, as amended; Laws 2014, chapter 189, sections 5; 10; 11; 16; 17; 18; 19; 23; 24; 27; 28; 29; 31; 43; 50; 51; 73; Laws 2014, chapter 312, article 24, section 45, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 15; 62A; 62M; 62Q; 62V; 144; 144D; 245; 246B; 256B; 256E; 256M; 256P; 518A; proposing coding for new law as Minnesota Statutes, chapters 245F; 256Q; repealing Minnesota Statutes 2014, sections 62V.04; 62V.09; 62V.11; 144E.52; 148E.060, subdivision 12; 256.969, subdivisions 23, 30; 256B.69, subdivision 32; 256D.0513; 256D.06, subdivision 8; 256D.09, subdivision 6; 256D.49; 256J.38; 256L.02, subdivision 3; 256L.05, subdivisions 1b, 1c, 3c, 5; 256L.11, subdivision 7; 257.0768; 290.0671, subdivision 6a; Minnesota Rules, parts 3400.0170, subparts 5, 6, 12, 13; 8840.5900, subparts 12, 14.

Senate File No. 1458 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 17, 2015

## INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

### Senator Brown introduced—

**S.F. No. 2220:** A bill for an act relating to capital investment; appropriating money for a grant to the city of Isle for sewer infrastructure; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Brown introduced—**

**S.F. No. 2221:** A bill for an act relating to capital investment; appropriating money for public infrastructure improvements in Milaca; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Brown introduced—**

**S.F. No. 2222:** A bill for an act relating to capital investment; appropriating money for a grant to the city of Isle for water and sewer infrastructure; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Torres Ray introduced—**

**S.F. No. 2223:** A bill for an act relating to capital investment; appropriating money for improvements at Historic Fort Snelling; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

**Senator Dzedzic introduced—**

**S.F. No. 2224:** A bill for an act relating to education; providing for a program to engage Somali children and families in accessing early childhood care and education, early childhood health and developmental screening, and reading assessments; appropriating money.

Referred to the Committee on Finance.

**Senator Sparks introduced—**

**S.F. No. 2225:** A bill for an act relating to taxation; income and corporate franchise; establishing a workforce housing tax credit; requiring reports; appropriating money; amending Minnesota Statutes 2014, section 290.06, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 116J.

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

**Senator Sheran introduced—**

**S.F. No. 2226:** A bill for an act relating to health; establishing the Healthcare Access for Recovery and Treatment of Survivors Act (HARTS Act); requiring health insurance coverage for certain coverage relating to domestic and sexual assault and sex trafficking; requiring certain notice be provided to victims; appropriating money; amending Minnesota Statutes 2014, sections 144.6586; 145.4712, subdivision 2; 609.35; 629.341, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 62A; proposing coding for new law as Minnesota Statutes, chapter 62W.

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

**RECESS**

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

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

**CALL OF THE SENATE**

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

**MOTIONS AND RESOLUTIONS**

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

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 844, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 844 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 17, 2015

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 844**

A bill for an act relating to education; providing for funding and policy in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, standards and assessments, charter schools, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; requiring rulemaking; appropriating money; amending Minnesota Statutes 2014, sections 5A.03; 16A.103, subdivision 1c; 120A.41; 120B.02, subdivision 2; 120B.021, subdivision 4; 120B.022, subdivisions 1, 1a, 1b; 120B.024, subdivision 2; 120B.11, subdivision 1a; 120B.12, subdivision 4a; 120B.125; 120B.13, subdivision 4; 120B.30, subdivisions 1, 1a, 3; 120B.31, subdivision 4; 120B.36, subdivision 1; 121A.17, subdivision 5; 122A.09, subdivision 4, by adding subdivisions; 122A.14, subdivisions 3, 9, by adding a subdivision; 122A.18, subdivisions 2, 7c, 8; 122A.20, subdivision 1; 122A.21, subdivisions 1, 2; 122A.23; 122A.245, subdivisions 1, 3, 7; 122A.25; 122A.30; 122A.31, subdivisions 1, 2; 122A.40, subdivisions 5, 8, 10, 11, 13; 122A.41, subdivisions 2, 5, 6, 14; 122A.414, subdivision 2; 122A.60; 122A.61, subdivision 1; 122A.69; 122A.70, subdivision 1; 123A.24, subdivision 1; 123A.75, subdivision 1; 123B.045; 123B.59, subdivisions 6, 7; 123B.77, subdivision 3; 123B.88, subdivision 1, by adding a subdivision; 124D.041, subdivisions 1, 2;

124D.09, subdivisions 5, 5a, 8, 9, 12; 124D.091, subdivision 1; 124D.10, subdivisions 1, 3, 4, 8, 9, 12, 14, 16, 23, by adding a subdivision; 124D.11, subdivisions 1, 9; 124D.121; 124D.122; 124D.126, subdivision 1; 124D.127; 124D.128, subdivision 1; 124D.13; 124D.135; 124D.16; 124D.165; 124D.531, subdivisions 1, 2, 3; 124D.73, subdivisions 3, 4; 124D.74, subdivisions 1, 3, 6; 124D.75, subdivisions 1, 3, 9; 124D.76; 124D.78; 124D.79, subdivisions 1, 2; 124D.791, subdivision 4; 124D.861; 124D.862; 125A.01; 125A.023, subdivisions 3, 4; 125A.027; 125A.03; 125A.08; 125A.085; 125A.0942, subdivision 3; 125A.21; 125A.28; 125A.63, subdivisions 2, 3, 4, 5; 125A.75, subdivision 9; 125A.76, subdivisions 1, 2c; 125B.26, subdivision 2; 126C.10, subdivisions 1, 2, 2a, 2e, 3, 13a, 18, 24; 126C.13, subdivision 4; 126C.15, subdivisions 1, 2, 3; 126C.17, subdivisions 1, 2; 127A.05, subdivision 6; 127A.49, subdivision 1; 134.355, subdivisions 8, 9, 10; 135A.101, by adding a subdivision; 179A.20, by adding a subdivision; Laws 2013, chapter 116, article 1, section 58, subdivisions 2, as amended, 3, as amended, 4, as amended, 5, as amended, 6, as amended, 7, as amended, 11, as amended; article 3, section 37, subdivisions 3, as amended, 4, as amended, 5, as amended, 20, as amended; article 4, section 9, subdivision 2, as amended; article 5, section 31, subdivisions 2, as amended, 3, as amended, 4, as amended; article 6, section 12, subdivisions 2, as amended, 6, as amended; article 7, sections 19; 21, subdivisions 2, as amended, 3, as amended, 4, as amended; article 8, section 5, subdivisions 3, as amended, 4, as amended, 14, as amended; Laws 2014, chapter 312, article 16, section 15; proposing coding for new law in Minnesota Statutes, chapters 119A; 121A; 122A; 124D; 125A; repealing Minnesota Statutes 2014, sections 120B.128; 122A.40, subdivision 11; 125A.63, subdivision 1; 126C.12, subdivision 6; 126C.13, subdivisions 3a, 3b, 3c; 126C.41, subdivision 1; Minnesota Rules, part 3500.1000.

May 17, 2015

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

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 844 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 844 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### GENERAL EDUCATION

Section 1. Minnesota Statutes 2014, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining

enrollment revenue, basic skills revenue, extended time revenue, pension adjustment revenue, and transition revenue as though the school were a school district.

(b) For a charter school operating an extended day, extended week, or summer program, the general education revenue for each extended time pupil unit equals \$4,794 in paragraph (a) is increased by an amount equal to 25 percent of the statewide average extended support revenue per pupil unit.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.12, is amended to read:

**124D.12 PURPOSE OF FLEXIBLE LEARNING YEAR PROGRAMS.**

Sections 124D.12 to 124D.127 authorize districts to evaluate, plan and employ the use of flexible learning year programs. It is anticipated that the open selection of the type of flexible learning year operation from a variety of alternatives will allow each district seeking to utilize this concept to suitably fulfill the educational needs of its pupils. These alternatives must include, but not be limited to, various 45-15 plans, four-quarter plans, quinmester plans, extended learning year plans, and flexible all-year plans, ~~and four-day week plans.~~ A school district with an approved four-day week plan in the 2014-2015 school year may continue under a four-day week plan through the end of the 2019-2020 school year. Future approvals are contingent upon meeting the school district's performance goals established in the district's plan under section 120B.11. The commissioner must give a school district one school year's notice before revoking approval of their flexible learning year program.

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

Sec. 3. Minnesota Statutes 2014, section 124D.122, is amended to read:

**124D.122 ESTABLISHMENT OF FLEXIBLE LEARNING YEAR PROGRAM.**

The board of any district or a consortium of districts, with the approval of the commissioner, may establish and operate a flexible learning year program in one or more of the day or residential facilities for children with a disability within the district. Consortia may use a single application and evaluation process, though results, public hearings, and board approvals must be obtained for each district as required under appropriate sections. The commissioner must approve or disapprove of a flexible learning year application within 45 business days of receiving the application. If the commissioner disapproves the application, they must give the district or consortium detailed reasons for the disapproval.

Sec. 4. Minnesota Statutes 2014, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** ~~(a) For fiscal years 2013 and 2014, the general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, small schools revenue, basic skills revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, alternative teacher compensation revenue, and transition revenue.~~

~~(b) For fiscal year 2015 and later,~~ The general education revenue for each district equals the sum of the district's basic revenue, extended time revenue, gifted and talented revenue, declining enrollment revenue, local optional revenue, small schools revenue, basic skills revenue, secondary

sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, pension adjustment revenue, and transition revenue.

Sec. 5. Minnesota Statutes 2014, section 126C.10, subdivision 2, is amended to read:

Subd. 2. **Basic revenue.** For fiscal year 2014, the basic revenue for each district equals the formula allowance times the adjusted marginal cost pupil units for the school year. For fiscal year 2015 and later, The basic revenue for each district equals the formula allowance times the adjusted pupil units for the school year. The formula allowance for fiscal year 2013 is \$5,224. The formula allowance for fiscal year 2014 is \$5,302. The formula allowance for fiscal year 2015 and later is \$5,831. The formula allowance for fiscal year 2016 is \$5,918. The formula allowance for fiscal year 2017 and later is \$6,036.

Sec. 6. Minnesota Statutes 2014, section 126C.10, subdivision 2a, is amended to read:

Subd. 2a. **Extended time revenue.** (a) ~~A school district's extended time revenue for fiscal year 2014 is equal to the product of \$4,601 and the sum of the adjusted marginal cost pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8. A school district's extended time revenue for fiscal year 2015 and later is equal to the product of \$5,017~~ \$5,117 and the sum of the adjusted pupil units of the district for each pupil in average daily membership in excess of 1.0 and less than 1.2 according to section 126C.05, subdivision 8.

(b) A school district's extended time revenue may be used for extended day programs, extended week programs, summer school, vacation break academies such as spring break academies and summer term academies, and other programming authorized under the learning year program.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 7. Minnesota Statutes 2014, section 126C.10, subdivision 13a, is amended to read:

Subd. 13a. **Operating capital levy.** To obtain operating capital revenue ~~for fiscal year 2015 and later,~~ a district may levy an amount not more than the product of its operating capital revenue for the fiscal year times the lesser of one or the ratio of its adjusted net tax capacity per adjusted ~~marginal cost~~ pupil unit to the operating capital equalizing factor. The operating capital equalizing factor equals \$14,500 for fiscal years 2015 and 2016, \$14,740 for fiscal year 2017, \$17,473 for fiscal year 2018, and \$20,510 for fiscal year 2019 and later.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2016 and later.

Sec. 8. Minnesota Statutes 2014, section 126C.13, subdivision 3a, is amended to read:

Subd. 3a. **Student achievement rate.** The commissioner must establish the student achievement rate by ~~July 1~~ September 30 of each year for levies payable in the following year. The student achievement rate must be a rate, rounded up to the nearest hundredth of a percent, that, when applied to the adjusted net tax capacity for all districts, raises the amount specified in this subdivision. The student achievement rate must be the rate that raises \$20,000,000 for fiscal year 2015 ~~and later years,~~ 2016, and 2017 and \$10,000,000 for fiscal year 2018. The student achievement rate may not be changed due to changes or corrections made to a district's adjusted net tax capacity after the rate has been established.

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

Sec. 9. Minnesota Statutes 2014, section 126C.13, subdivision 4, is amended to read:

Subd. 4. **General education aid.** (a) ~~For fiscal years 2013 and 2014 only, a district's general education aid is the sum of the following amounts:~~

~~(1) general education revenue, excluding equity revenue, total operating capital revenue, alternative teacher compensation revenue, and transition revenue;~~

~~(2) operating capital aid under section 126C.10, subdivision 13b;~~

~~(3) equity aid under section 126C.10, subdivision 30;~~

~~(4) alternative teacher compensation aid under section 126C.10, subdivision 36;~~

~~(5) transition aid under section 126C.10, subdivision 33;~~

~~(6) shared time aid under section 126C.01, subdivision 7;~~

~~(7) referendum aid under section 126C.17, subdivisions 7 and 7a; and~~

~~(8) online learning aid according to section 124D.096.~~

(b) For fiscal year 2015 and later, a district's general education aid equals:

(1) general education revenue, excluding operating capital revenue, equity revenue, local optional revenue, and transition revenue, minus the student achievement levy, multiplied times the ratio of the actual amount of student achievement levy levied to the permitted student achievement levy; plus

(2) operating capital aid under section 126C.10, subdivision 13b;

(2) (3) equity aid under section 126C.10, subdivision 30; plus

(3) (4) transition aid under section 126C.10, subdivision 33; plus

(4) (5) shared time aid under section 126C.10, subdivision 7; plus

(5) (6) referendum aid under section 126C.17, subdivisions 7 and 7a; plus

(6) (7) online learning aid under section 124D.096; plus

(7) (8) local optional aid according to section 126C.10, subdivision 2d, paragraph (d).

**EFFECTIVE DATE.** This section is effective for fiscal year 2015 and later.

Sec. 10. Minnesota Statutes 2014, section 126C.15, subdivision 2, is amended to read:

Subd. 2. **Building allocation.** (a) A district or cooperative must allocate its compensatory revenue to each school building in the district or cooperative where the children who have generated the revenue are served unless the school district or cooperative has received permission under Laws 2005, First Special Session chapter 5, article 1, section 50, to allocate compensatory revenue according to student performance measures developed by the school board.

(b) Notwithstanding paragraph (a), a district or cooperative may allocate up to five ~~50~~ percent of the amount of compensatory revenue that the district receives to school sites according to a plan adopted by the school board, ~~and a district or cooperative may allocate up to an additional five percent of its compensatory revenue for activities under subdivision 1, clause (10), according to a~~

~~plan adopted by the school board.~~ The money reallocated under this paragraph must be spent for the purposes listed in subdivision 1, but may be spent on students in any grade, including students attending school readiness or other prekindergarten programs.

(c) For the purposes of this section and section 126C.05, subdivision 3, "building" means education site as defined in section 123B.04, subdivision 1.

(d) Notwithstanding section 123A.26, subdivision 1, compensatory revenue generated by students served at a cooperative unit shall be paid to the cooperative unit.

(e) A district or cooperative with school building openings, school building closings, changes in attendance area boundaries, or other changes in programs or student demographics between the prior year and the current year may reallocate compensatory revenue among sites to reflect these changes. A district or cooperative must report to the department any adjustments it makes according to this paragraph and the department must use the adjusted compensatory revenue allocations in preparing the report required under section 123B.76, subdivision 3, paragraph (c).

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

Sec. 11. Minnesota Statutes 2014, section 126C.17, subdivision 1, is amended to read:

Subdivision 1. **Referendum allowance.** (a) A district's initial referendum allowance equals the result of the following calculations:

(1) multiply the referendum allowance the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 1, based on elections held before July 1, 2013, by the resident marginal cost pupil units the district would have counted for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05;

(2) add to the result of clause (1) the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013;

(3) divide the result of clause (2) by the district's adjusted pupil units for fiscal year 2015;

(4) add to the result of clause (3) any additional referendum allowance per adjusted pupil unit authorized by elections held between July 1, 2013, and December 31, 2013;

(5) add to the result in clause (4) any additional referendum allowance resulting from inflation adjustments approved by the voters prior to January 1, 2014;

(6) subtract from the result of clause (5), the sum of a district's actual local optional levy and local optional aid under section 126C.10, subdivision 2e, divided by the adjusted pupil units of the district for that school year; and

(7) if the result of clause (6) is less than zero, set the allowance to zero.

(b) A district's referendum allowance equals the sum of the district's initial referendum allowance, plus any new referendum allowance authorized between July 1, 2013, and December 31, 2013, under subdivision 9a, plus any additional referendum allowance per adjusted pupil unit authorized after December 31, 2013, minus any allowances expiring in fiscal year 2016 or later, provided that the allowance may not be less than zero. For a district with more than one referendum allowance for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, the

allowance calculated under paragraph (a), clause (3), must be divided into components such that the same percentage of the district's allowance expires at the same time as the old allowances would have expired under Minnesota Statutes 2012, section 126C.17. For a district with more than one allowance for fiscal year 2015 that expires in the same year, the reduction under paragraph (a), clause (6), to offset local optional revenue shall be made first from any allowances that do not have an inflation adjustment approved by the voters.

**EFFECTIVE DATE.** This section is effective the day following final enactment for fiscal year 2015 and later.

Sec. 12. Minnesota Statutes 2014, section 126C.17, subdivision 2, is amended to read:

Subd. 2. **Referendum allowance limit.** (a) Notwithstanding subdivision 1, for fiscal year 2015 and later, a district's referendum allowance must not exceed the annual inflationary increase as calculated under paragraph (b) times the greatest of:

(1) \$1,845;

(2) the sum of the referendum revenue the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 4, based on elections held before July 1, 2013, and the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015;

(3) the product of the referendum allowance limit the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.17, subdivision 2, and the resident marginal cost pupil units the district would have received for fiscal year 2015 under Minnesota Statutes 2012, section 126C.05, subdivision 6, plus the adjustment the district would have received under Minnesota Statutes 2012, section 127A.47, subdivision 7, paragraphs (a), (b), and (c), based on elections held before July 1, 2013, divided by the district's adjusted pupil units for fiscal year 2015; ~~minus \$424 for a district receiving local optional revenue under section 126C.10, subdivision 2d, paragraph (a), minus \$212 for a district receiving local optional revenue under section 126C.10, subdivision 2d, paragraph (b);~~ or

(4) for a newly reorganized district created after July 1, 2013, the referendum revenue authority for each reorganizing district in the year preceding reorganization divided by its adjusted pupil units for the year preceding reorganization.

(b) For purposes of this subdivision, for fiscal year 2016 and later, "inflationary increase" means one plus the percentage change in the Consumer Price Index for urban consumers, as prepared by the United States Bureau of Labor Standards, for the current fiscal year to fiscal year 2015. For fiscal year 2016 and later, for purposes of paragraph (a), clause (3), the inflationary increase equals one-fourth of the percentage increase in the formula allowance for that year compared with the formula allowance for fiscal year 2015.

**EFFECTIVE DATE.** This section is effective the day following final enactment for fiscal year 2015 and later.

Sec. 13. Minnesota Statutes 2014, section 126C.48, subdivision 8, is amended to read:

Subd. 8. **Taconite payment and other reductions.** (1) Reductions in levies pursuant to subdivision 1 must be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts that have revenue pursuant to sections 298.018; 298.225; 298.24 to 298.28, except an amount distributed under sections 298.26; 298.28, subdivision 4, paragraphs (c), clause (ii), and (d); 298.34 to 298.39; 298.391 to 298.396; 298.405; 477A.15; and any law imposing a tax upon severed mineral values must reduce the levies authorized by this chapter and chapters 120B, 122A, 123A, 123B, 124A, 124D, 125A, and 127A, excluding the student achievement levy under section 126C.13, subdivision 3b, by 95 percent of the sum of the previous year's revenue specified under this clause and the amount attributable to the same production year distributed to the cities and townships within the school district under section 298.28, subdivision 2, paragraph (c).

(3) The amount of any voter approved referendum, facilities down payment, and debt levies shall not be reduced by more than 50 percent under this subdivision, except that payments under section 298.28, subdivision 7a, may reduce the debt service levy by more than 50 percent. In administering this paragraph, the commissioner shall first reduce the nonvoter approved levies of a district; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved referendum levies authorized under section 126C.17; then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved facilities down payment levies authorized under section 123B.63 and then, if any payments, severed mineral value tax revenue or recognized revenue under paragraph (2) remains, the commissioner shall reduce any voter approved debt levies.

(4) Before computing the reduction pursuant to this subdivision of the health and safety levy authorized by sections 123B.57 and 126C.40, subdivision 5, the commissioner shall ascertain from each affected school district the amount it proposes to levy under each section or subdivision. The reduction shall be computed on the basis of the amount so ascertained.

(5) To the extent the levy reduction calculated under paragraph (2) exceeds the limitation in paragraph (3), an amount equal to the excess must be distributed from the school district's distribution under sections 298.225, 298.28, and 477A.15 in the following year to the cities and townships within the school district in the proportion that their taxable net tax capacity within the school district bears to the taxable net tax capacity of the school district for property taxes payable in the year prior to distribution. No city or township shall receive a distribution greater than its levy for taxes payable in the year prior to distribution. The commissioner of revenue shall certify the distributions of cities and towns under this paragraph to the county auditor by September 30 of the year preceding distribution. The county auditor shall reduce the proposed and final levies of cities and towns receiving distributions by the amount of their distribution. Distributions to the cities and towns shall be made at the times provided under section 298.27.

**Sec. 14. [136D.41] LISTED DISTRICTS MAY FORM INTERMEDIATE DISTRICT.**

Notwithstanding any other law to the contrary, two or more of the Independent School Districts Nos. 108, 110, 111, and 112 of Carver County, Independent School Districts Nos. 716, 717, 719, 720, and 721 of Scott County, and Independent School District No. 2905 of Le Sueur County, whether or not contiguous, may enter into agreements to accomplish jointly and cooperatively the acquisition, betterment, construction, maintenance, and operation of facilities for, and instruction in, special education, career and technical education, adult basic education, and alternative education. Each school district that becomes a party to such an agreement is a "participating school district" for

purposes of sections 136D.41 to 136D.49. The agreement may provide for the exercise of these powers by a joint school board created as set forth in sections 136D.41 to 136D.49.

Sec. 15. **[136D.42] JOINT SCHOOL BOARD; MEMBERS; BYLAWS.**

Subdivision 1. **Board.** The agreement shall provide for a joint school board representing the parties to the agreement. The agreement shall specify the name of the board, the number and manner of election or appointment of its members, their terms and qualifications, and other necessary and desirable provisions.

Subd. 2. **Bylaws.** The board may adopt bylaws specifying the duties and powers of its officers and the meeting dates of the board, and containing such other provisions as may be usual and necessary for the efficient conduct of the business of the board.

Sec. 16. **[136D.43] STATUS OF JOINT SCHOOL BOARD.**

Subdivision 1. **Public agency.** The joint school board shall be a public agency of the participating school districts and may receive and disburse federal and state funds made available to it or to the participating school districts.

Subd. 2. **Liability.** No participating school district shall have individual liability for the debts and obligations of the board, nor shall any individual serving as a member of the board have such liability.

Subd. 3. **Tax exempt.** Any properties, real or personal, acquired, owned, leased, controlled, used, or occupied by the board for its purposes shall be exempt from taxation by the state or any of its political subdivisions.

Sec. 17. **[136D.44] JOINT BOARD HAS ALL POWERS OF MEMBER DISTRICTS.**

To effectuate the agreement, the joint school board shall have all the powers granted by law to any or all of the participating school districts.

Sec. 18. **[136D.45] AGREEMENT APPROVAL; NOTICE; PETITION; REFERENDUM.**

Subdivision 1. **Resolution.** The agreement shall, before it becomes effective, be approved by a resolution adopted by the school board of each school district named therein.

Subd. 2. **When effective.** Each resolution shall be published once in a newspaper published in the district, if there is one, or in a newspaper having general circulation in the district, and shall become effective 30 days after publication, unless within the 30-day period a petition for referendum on the resolution is filed with the school board, signed by qualified voters of the school district equal in number to five percent of the number of voters voting at the last annual school district election. In such case, the resolution shall not become effective until approved by a majority of the voters voting thereon at a regular or special election. The agreement may provide conditions under which it shall become effective even though it may not be approved in all districts.

Sec. 19. **[136D.46] DISTRICT CONTRIBUTIONS, DISBURSEMENTS, CONTRACTS.**

The participating school districts may contribute funds to the board. Disbursements shall be made by the board in accordance with sections 123B.14, 123B.143, and 123B.147. The board shall be subject to section 123B.52, subdivisions 1, 2, 3, and 5.

Sec. 20. **[136D.47] TERM OF AGREEMENT.**

The agreement shall state the term of its duration and may provide for the method of termination and distribution of assets after payment of all liabilities of the joint school board.

Sec. 21. **[136D.48] NON-POSTSECONDARY PROGRAMS; LICENSED DIRECTION.**

The board may also provide any other educational programs or other services requested by a participating district. However, these programs and services may not be postsecondary programs or services. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

Sec. 22. **[136D.49] OTHER MEMBERSHIP AND POWERS.**

In addition to the districts listed in sections 136D.21, 136D.41, 136D.71, and 136D.81, the agreement of an intermediate school district established under this chapter may provide for the membership of other school districts and cities, counties, and other governmental units as defined in section 471.59. In addition to the powers listed in sections 136D.25, 136D.73, and 136D.84, an intermediate school board may provide the services defined in section 123A.21, subdivisions 7 and 8.

Sec. 23. **COMPENSATORY REVENUE; INTERMEDIATE DISTRICT.**

For the 2015-2016 school year only, for an intermediate district formed under Minnesota Statutes, section 136D.41, the department must calculate compensatory revenue based on the October 1, 2014, enrollment counts for the South Metro Educational Cooperative.

Sec. 24. **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 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session to the statewide total tax capacity for assessment year 2014.

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 2014, as it existed prior to the passage of Regular Session 2015, House File No. 848, or a similarly styled bill passed in a special session, to the statewide total tax capacity for assessment year 2014.

Sec. 25. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	<u>6,595,541,000</u>	.....	<u>2016</u>
\$	<u>6,723,884,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$622,908,000 for 2015 and \$5,972,634,000 for 2016.

The 2017 appropriation includes \$635,618,000 for 2016 and \$6,088,266,000 for 2017.

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	<u>39,000</u>	.....	<u>2016</u>
\$	<u>42,000</u>	.....	<u>2017</u>

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	<u>2,740,000</u>	.....	<u>2016</u>
\$	<u>2,932,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$278,000 for 2015 and \$2,462,000 for 2016.

The 2017 appropriation includes \$273,000 for 2016 and \$2,659,000 for 2017.

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	<u>292,000</u>	.....	<u>2016</u>
\$	<u>165,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$22,000 for 2015 and \$270,000 for 2016.

The 2017 appropriation includes \$30,000 for 2016 and \$135,000 for 2017.

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	<u>16,756,000</u>	.....	<u>2016</u>
\$	<u>17,309,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,575,000 for 2015 and \$15,181,000 for 2016.

The 2017 appropriation includes \$1,686,000 for 2016 and \$15,623,000 for 2017.

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	<u>17,322,000</u>	.....	<u>2016</u>
\$	<u>17,228,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,816,000 for 2015 and \$15,506,000 for 2016.

The 2017 appropriation includes \$1,722,000 for 2016 and \$15,506,000 for 2017.

Subd. 8. **One-room schoolhouse.** For a grant to Independent School District No. 690, Warroad, to operate the Angle Inlet School:

\$	<u>65,000</u>	.....	<u>2016</u>
\$	<u>65,000</u>	.....	<u>2017</u>

Subd. 9. **Compensatory revenue pilot project.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

\$	<u>2,325,000</u>	.....	<u>2016</u>
\$	<u>2,325,000</u>	.....	<u>2017</u>

Of this amount, \$1,500,000 in each year is for a grant to Independent School District No. 11, Anoka-Hennepin; \$75,000 in each year is for a grant to Independent School District No. 286, Brooklyn Center; \$210,000 in each year is for a grant to Independent School District No. 279, Osseo; \$150,000 in each year is for a grant to Independent School District No. 281, Robbinsdale; \$160,000 in each year is for a grant to Independent School District No. 535, Rochester; \$65,000 in each year is for a grant to Independent School District No. 833, South Washington; and \$150,000 in each year is for a grant to Independent School District No. 241, Albert Lea.

If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

Subd. 10. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	<u>5,420,000</u>	.....	<u>2016</u>
\$	<u>4,405,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$574,000 for 2015 and \$4,846,000 for 2016.

The 2017 appropriation includes \$538,000 for 2016 and \$3,867,000 for 2017.

Sec. 26. **REPEALER.**

(a) Minnesota Statutes 2014, sections 126C.12, subdivision 6; and 126C.41, subdivision 1, are repealed.

(b) Minnesota Statutes 2014, section 126C.13, subdivisions 3a, 3b, and 3c, are repealed for taxes payable in 2018.

## ARTICLE 2

### EDUCATION EXCELLENCE

Section 1. Minnesota Statutes 2014, section 13.32, subdivision 5, is amended to read:

Subd. 5. **Directory information.** Information designated as directory information pursuant to the provisions of United States Code, title 20, section 1232g and Code of Federal Regulations, title 34, section 99.37 which are in effect on January 1, ~~2007~~ 3, 2012, is public data on individuals, to the extent required under federal law. When conducting the directory information designation and notice process required by federal law, an educational agency or institution shall give parents and students notice of the right to refuse to let the agency or institution designate any or all data about

the student as directory information. This notice may be given by any means reasonably likely to inform the parents and students of the right.

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

Sec. 2. Minnesota Statutes 2014, section 120B.022, subdivision 1a, is amended to read:

Subd. 1a. **Foreign language and culture; proficiency certificates.** (a) World languages teachers and other school staff should develop and implement world languages programs that acknowledge and reinforce the language proficiency and cultural awareness that non-English language speakers already possess, and encourage students' proficiency in multiple world languages. Programs under this section must encompass indigenous American Indian languages and cultures, among other world languages and cultures. The department shall consult with postsecondary institutions in developing related professional development opportunities for purposes of this section.

(b) Any Minnesota public, charter, or nonpublic school may award Minnesota World Language Proficiency Certificates ~~or Minnesota World Language Proficiency High Achievement Certificates~~, consistent with this subdivision.

(c) ~~The Minnesota World Language Proficiency Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Intermediate-Low level on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Intermediate-Low for listening and speaking and Novice-High for reading and writing.~~

~~(d) The Minnesota World Language Proficiency High Achievement Certificate recognizes students who demonstrate listening, speaking, reading, and writing language skills at the American Council on the Teaching of Foreign Languages' Pre-Advanced level for K-12 learners on a valid and reliable assessment tool. For languages listed as Category 3 by the United States Foreign Service Institute or Category 4 by the United States Defense Language Institute, the standard is Pre-Advanced for listening and speaking and Intermediate-Mid for reading and writing.~~

Sec. 3. Minnesota Statutes 2014, section 120B.022, subdivision 1b, is amended to read:

Subd. 1b. **State bilingual and multilingual seals.** (a) Consistent with efforts to strive for the world's best workforce under sections 120B.11 and 124D.10, subdivision 8, paragraph (u), and close the academic achievement and opportunity gap under sections 124D.861 and 124D.862, voluntary state bilingual and multilingual seals are established to recognize high school ~~graduates~~ students who demonstrate ~~level 3~~ an advanced low level or an intermediate high level of functional native proficiency in listening, speaking, reading, and writing on either the Foreign Services Institute language assessments aligned with American Council on the Teaching of Foreign Languages' (ACTFL) proficiency tests guidelines or on equivalent valid and reliable assessments in one or more languages in addition to English. American Sign Language is a language other than English for purposes of this subdivision and a world language for purposes of subdivision 1a.

(b) In addition to paragraph (a), to be eligible to receive a seal:

(1) students must satisfactorily complete all required English language arts credits; and

(2) ~~students whose primary language is other than English~~ must demonstrate mastery of Minnesota's English language proficiency standards.

(c) Consistent with this subdivision, a high school graduate student who demonstrates an intermediate high ACTFL level of functional native proficiency in one language in addition to English is eligible to receive the state bilingual gold seal. A high school graduate student who demonstrates an intermediate high ACTFL level of functional native proficiency in more than one language in addition to English is eligible to receive the state multilingual gold seal. A high school student who demonstrates an advanced low ACTFL level of functional proficiency in one language in addition to English is eligible to receive the state bilingual platinum seal. A high school student who demonstrates an advanced-low ACTFL level of functional proficiency in more than one language in addition to English is eligible to receive the state multilingual platinum seal.

(d) ~~School districts and charter schools, in consultation with regional centers of excellence under section 120B.115, must~~ may give students periodic opportunities to demonstrate their level of proficiency in listening, speaking, reading, and writing in a language in addition to English. Where valid and reliable assessments are unavailable, a school district or charter school may rely on a ~~licensed foreign language immersion teacher or a nonlicensed community expert under section 122A.25~~ evaluators trained in assessing under ACTFL proficiency guidelines to assess a student's level of foreign, heritage, or indigenous language proficiency under this section. School districts and charter schools must maintain appropriate records to identify high school ~~graduates~~ students eligible to receive the state bilingual or multilingual seal gold and platinum seals. The school district or charter school must affix the appropriate seal to the transcript of each high school ~~graduate student~~ student who meets the requirements of this subdivision and may affix the seal to the student's diploma. A school district or charter school must not charge the high school ~~graduate student~~ student a fee for this seal.

(e) A school district or charter school may award elective course credits in world languages to a student who demonstrates the requisite proficiency in a language other than English under this section.

(f) A school district or charter school may award community service credit to a student who demonstrates ~~level 3~~ an intermediate high or advanced low ACTFL level of functional native proficiency in listening, speaking, reading, and writing in a language other than English and who participates in community service activities that are integrated into the curriculum, involve the participation of teachers, and support biliteracy in the school or local community.

(g) ~~The commissioner must develop a Web page for the electronic delivery of these seals. The commissioner must list on the Web page those assessments that are equivalent to the Foreign Services Institute language aligned to ACTFL proficiency tests guidelines.~~

(h) By August 1, 2015, the colleges and universities of the Minnesota State Colleges and Universities system must award foreign language credits to a student who receives a state bilingual seal or a state multilingual seal under this subdivision and may establish criteria to translate the seals into college credits based on the world language course equivalencies identified by the Minnesota State Colleges and Universities faculty and staff and, upon request from an enrolled student, the Minnesota State Colleges and Universities may award foreign language credits to a student who receives a Minnesota World Language Proficiency Certificate or a Minnesota World Language Proficiency High Achievement Certificate under subdivision 1a. A student who demonstrated the requisite level of language proficiency in grade 10, 11, or 12 to receive a seal or

certificate and is enrolled in a Minnesota State Colleges and Universities institution must request college credits for the student's seal or proficiency certificate within three academic years after graduating from high school. The University of Minnesota is encouraged to award students foreign language academic credits consistent with this paragraph.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies beginning with students graduating in the 2014-2015 school year who demonstrate the requisite language proficiency in grade 10, 11, or 12.

Sec. 4. Minnesota Statutes 2014, section 120B.12, subdivision 4a, is amended to read:

Subd. 4a. **Local literacy plan.** (a) Consistent with this section, a school district must adopt a local literacy plan to have every child reading at or above grade level no later than the end of grade 3, including English learners. The plan must be consistent with section 122A.06, subdivision 4, and include the following:

(1) a process to assess students' level of reading proficiency; and data to support the effectiveness of an assessment used to screen and identify a student's level of reading proficiency;

(2) a process to notify and involve parents; ~~intervene with;~~

(3) a description of how schools in the district will determine the proper reading intervention strategy for a student and the process for intensifying or modifying the reading strategy in order to obtain measurable reading progress;

(4) evidence-based intervention methods for students who are not reading at or above grade level; ~~and identify and meet~~ and progress monitoring to provide information on the effectiveness of the intervention; and

(5) identification of staff development needs, including a program to meet those needs.

(b) The district must post its literacy plan on the official school district Web site.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 5. Minnesota Statutes 2014, section 120B.13, subdivision 4, is amended to read:

Subd. 4. **Rigorous course taking information; AP, IB, and PSEO.** The commissioner shall submit the following information on rigorous course taking, disaggregated by student subgroup, school district, and postsecondary institution, to the education committees of the legislature each year by February 1:

(1) the number of pupils enrolled in postsecondary enrollment options under section 124D.09, including concurrent enrollment, career and technical education courses offered as a concurrent enrollment course, advanced placement, and international baccalaureate courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board, International Baccalaureate North America, Inc., or Minnesota concurrent enrollment programs;

(3) the number of teachers in each district participating in support programs;

(4) recent trends in the field of postsecondary enrollment options under section 124D.09, including concurrent enrollment, advanced placement, and international baccalaureate programs;

(5) expenditures for each category in this section and under sections 124D.09 and 124D.091, including career and technical education courses offered as a concurrent enrollment course; and

(6) other recommendations for the state program or the postsecondary enrollment options under section 124D.09, including concurrent enrollment.

Sec. 6. Minnesota Statutes 2014, section 120B.30, subdivision 3, is amended to read:

Subd. 3. **Reporting.** The commissioner shall report test results publicly and to stakeholders, including the performance achievement levels developed from students' unweighted test scores in each tested subject and a listing of demographic factors that strongly correlate with student performance, including student homelessness, as data are available, among other factors. The test results must not include personally identifiable information as defined in Code of Federal Regulations, title 34, section 99.3. The commissioner shall also report data that compares performance results among school sites, school districts, Minnesota and other states, and Minnesota and other nations. The commissioner shall disseminate to schools and school districts a more comprehensive report containing testing information that meets local needs for evaluating instruction and curriculum. The commissioner shall disseminate to charter school authorizers a more comprehensive report containing testing information that contains anonymized data where cell count data are sufficient to protect student identity and that meets the authorizer's needs in fulfilling its obligations under section 124D.10.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to school year reports for the 2015-2016 school year and later.

Sec. 7. Minnesota Statutes 2014, section 120B.31, subdivision 4, is amended to read:

Subd. 4. **Student performance data.** In developing policies and assessment processes to hold schools and districts accountable for high levels of academic standards under section 120B.021, the commissioner shall aggregate student data over time to report student performance and growth levels measured at the school, school district, and statewide level. When collecting and reporting the performance data, the commissioner shall organize and report the data so that state and local policy makers can understand the educational implications of changes in districts' demographic profiles over time, including student homelessness, as data are available, among other demographic factors. Any report the commissioner disseminates containing summary data on student performance must integrate student performance and the demographic factors that strongly correlate with that performance.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to school year reports for the 2015-2016 school year and later.

Sec. 8. Minnesota Statutes 2014, section 120B.36, subdivision 1, is amended to read:

Subdivision 1. **School performance reports.** (a) The commissioner shall report student academic performance under section 120B.35, subdivision 2; the percentages of students showing low, medium, and high growth under section 120B.35, subdivision 3, paragraph (b); school safety and student engagement and connection under section 120B.35, subdivision 3, paragraph (d); rigorous coursework under section 120B.35, subdivision 3, paragraph (c); the percentage of

students under section 120B.35, subdivision 3, paragraph (b), clause (2), whose progress and performance levels are meeting career and college readiness benchmarks under sections 120B.30, subdivision 1, and 120B.35, subdivision 3, paragraph (e); longitudinal data on the progress of eligible districts in reducing disparities in students' academic achievement and realizing racial and economic integration under section 124D.861; the acquisition of English, and where practicable, native language academic literacy, including oral academic language, and the academic progress of English learners under section 124D.59, subdivisions 2 and 2a; two separate student-to-teacher ratios that clearly indicate the definition of teacher consistent with sections 122A.06 and 122A.15 for purposes of determining these ratios; staff characteristics excluding salaries; student enrollment demographics; student homelessness and district mobility; and extracurricular activities. The report also must indicate a school's adequate yearly progress status under applicable federal law, and must not set any designations applicable to high- and low-performing schools due solely to adequate yearly progress status.

(b) The commissioner shall develop, annually update, and post on the department Web site school performance reports.

(c) The commissioner must make available performance reports by the beginning of each school year.

(d) A school or district may appeal its adequate yearly progress status in writing to the commissioner within 30 days of receiving the notice of its status. The commissioner's decision to uphold or deny an appeal is final.

(e) School performance data are nonpublic data under section 13.02, subdivision 9, until the commissioner publicly releases the data. The commissioner shall annually post school performance reports to the department's public Web site no later than September 1, except that in years when the reports reflect new performance standards, the commissioner shall post the school performance reports no later than October 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to school year reports for the 2015-2016 school year and later.

Sec. 9. Minnesota Statutes 2014, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) ~~The board must adopt rules requiring a person~~ require all candidates for teacher licensure to pass demonstrate a passing score on a board-adopted skills examination in reading, writing, and mathematics or attain either a composite score composed of the average of the scores in English and writing, reading, and mathematics on the ACT Plus Writing recommended by the board, or an equivalent composite score composed of the average of the scores in critical reading, mathematics, and writing on the SAT recommended by the board, as a requirement for initial teacher licensure, except that the board may issue up to two four temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the board-adopted skills exam or attained the requisite composite score on the ACT Plus Writing or SAT. Such rules ~~The board must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the board-adopted skills examination or attain the requisite composite score on the ACT Plus Writing or SAT, including those for whom English is a second language. The requirement to pass a board-adopted reading, writing, and mathematics~~

skills examination or ~~attain the requisite composite score on the ACT Plus Writing or SAT~~ does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1. ~~A teacher candidate's official ACT Plus Writing or SAT composite score report to the board must not be more than ten years old at the time of licensure~~ The Board of Teaching and the entity administering the content, pedagogy, and skills examinations must allow any individual who produces documentation of a disability in the form of an evaluation, 504 plan, or individual education program (IEP) to receive the same testing accommodations on the content, pedagogy, and skills examinations that the applicant received during their secondary or postsecondary education.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. Among other components, teacher preparation programs are encouraged to provide a school-year-long student teaching program that combines clinical opportunities with academic coursework and in-depth student teaching experiences to offer students ongoing mentorship, coaching, and assessment, help to prepare a professional development plan, and structured learning experiences. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning. The board's redesign rules must include creating flexible, specialized teaching licenses, credentials, and other endorsement forms to increase students' participation in language immersion programs, world language instruction, career development opportunities, work-based learning, early college courses and careers, career and technical programs, Montessori schools, and project and place-based learning, among other career and college ready learning offerings.

(e) The board must adopt rules requiring candidates for initial licenses to pass an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to pass, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses based on appropriate professional competencies that are aligned with the board's licensing system and students' diverse learning needs. All teacher candidates must have preparation in English language development and content instruction for English learners in order to be able to effectively instruct the English learners in their classrooms. The board must include these licenses in a statewide differentiated licensing system that creates new leadership roles for successful experienced teachers premised on a collaborative professional culture dedicated to meeting students' diverse learning needs in the 21st century, recognizes the importance of cultural and linguistic competencies, including the ability to teach and communicate in culturally competent and aware ways, and formalizes mentoring and induction for newly licensed teachers provided through a teacher support framework.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses. The board must require licensed teachers who are renewing a continuing license to include in the renewal requirements further preparation in English language development and specially designed content instruction in English for English learners.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation, first, in understanding the key warning signs of early-onset mental illness in children and adolescents and then, during subsequent licensure renewal periods, preparation may include providing a more

in-depth understanding of students' mental illness trauma, accommodations for students' mental illness, parents' role in addressing students' mental illness, Fetal Alcohol Spectrum Disorders, autism, the requirements of section 125A.0942 governing restrictive procedures, and de-escalation methods, among other similar topics.

(o) The board must adopt rules by January 1, 2016, to license applicants under sections 122A.23 and 122A.245. The rules must permit applicants to demonstrate their qualifications through the board's recognition of a teaching license from another state in a similar content field, completion of a state-approved teacher preparation program, teaching experience as the teacher of record in a similar licensure field, depth of content knowledge, depth of content methods or general pedagogy, subject-specific professional development and contribution to the field, or classroom performance as determined by documented student growth on normed assessments or documented effectiveness on evaluations. The rules must adopt criteria for determining a "similar content field" and "similar licensure area."

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all candidates seeking initial teacher licensure, including those holding a temporary, one-year teaching license.

Sec. 10. Minnesota Statutes 2014, section 122A.09, is amended by adding a subdivision to read:

Subd. 4a. **Teacher and administrator preparation and performance data; report.** (a) The Board of Teaching and the Board of School Administrators, in cooperation with the Minnesota Association of Colleges of Teacher Education and Minnesota colleges and universities offering board-adopted teacher or administrator preparation programs, annually must collect and report summary data on teacher and administrator preparation and performance outcomes, consistent with this subdivision. The Board of Teaching and the Board of School Administrators annually by June 1 must update and post the reported summary preparation and performance data on teachers and administrators from the preceding school years on a Web site hosted jointly by the boards.

(b) Publicly reported summary data on teacher preparation programs must include: student entrance requirements for each Board of Teaching-approved program, including grade point average for enrolling students in the preceding year; the average board-adopted skills examination or ACT or SAT scores of students entering the program in the preceding year; summary data on faculty qualifications, including at least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators; the average time resident and nonresident program graduates in the preceding year needed to complete the program; the current number and percent of students by program who graduated, received a standard Minnesota teaching license, and were hired to teach full time in their licensure field in a Minnesota district or school in the preceding year; the number of content area credits and other credits by undergraduate program that students in the preceding school year needed to complete to graduate; students' pass rates on skills and subject matter exams required for graduation in each program and licensure area in the preceding school year; survey results measuring student and graduate satisfaction with the program in the preceding school year; a standard measure of the satisfaction of school principals or supervising teachers with the student teachers assigned to a school or supervising teacher; and information under paragraphs (d) and (e). Program reporting must be consistent with subdivision 11.

(c) Publicly reported summary data on administrator preparation programs approved by the Board of School Administrators must include: summary data on faculty qualifications, including at

least the content areas of faculty undergraduate and graduate degrees and their years of experience either as kindergarten through grade 12 classroom teachers or school administrators; the average time program graduates in the preceding year needed to complete the program; the current number and percent of students who graduated, received a standard Minnesota administrator license, and were employed as an administrator in a Minnesota school district or school in the preceding year; the number of credits by graduate program that students in the preceding school year needed to complete to graduate; survey results measuring student, graduate, and employer satisfaction with the program in the preceding school year; and information under paragraphs (f) and (g). Program reporting must be consistent with section 122A.14, subdivision 10.

(d) School districts annually by October 1 must report to the Board of Teaching the following information for all teachers who finished the probationary period and accepted a continuing contract position with the district from September 1 of the previous year through August 31 of the current year: the effectiveness category or rating of the teacher on the summative evaluation under section 122A.40, subdivision 8, or 122A.41, subdivision 5; the licensure area in which the teacher primarily taught during the three-year evaluation cycle; and the teacher preparation program preparing the teacher in the teacher's primary areas of instruction and licensure.

(e) School districts annually by October 1 must report to the Board of Teaching the following information for all probationary teachers in the district who were released or whose contracts were not renewed from September 1 of the previous year through August 31 of the current year: the licensure areas in which the probationary teacher taught; and the teacher preparation program preparing the teacher in the teacher's primary areas of instruction and licensure.

(f) School districts annually by October 1 must report to the Board of School Administrators the following information for all school principals and assistant principals who finished the probationary period and accepted a continuing contract position with the district from September 1 of the previous year through August 31 of the current year: the effectiveness category or rating of the principal or assistant principal on the summative evaluation under section 123B.147, subdivision 3; and the principal preparation program providing instruction to the principal or assistant principal.

(g) School districts annually by October 1 must report to the Board of School Administrators all probationary school principals and assistant principals in the district who were released or whose contracts were not renewed from September 1 of the previous year through August 31 of the current year.

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

Sec. 11. Minnesota Statutes 2014, section 122A.09, is amended by adding a subdivision to read:

Subd. 11. **Teacher preparation program reporting.** By December 31, 2018, and annually thereafter, the Board of Teaching shall report and publish on its Web site the cumulative summary results of at least three consecutive years of data reported to the board under subdivision 4a, paragraph (b). Where the data are sufficient to yield statistically reliable information and the results would not reveal personally identifiable information about an individual teacher, the board shall report the data by teacher preparation program.

Sec. 12. Minnesota Statutes 2014, section 122A.14, subdivision 3, is amended to read:

**Subd. 3. Rules for continuing education requirements.** The board shall adopt rules establishing continuing education requirements that promote continuous improvement and

acquisition of new and relevant skills by school administrators. Continuing education programs, among other things, must provide school administrators with information and training about building coherent and effective English learner strategies that include relevant professional development, accountability for student progress, students' access to the general curriculum, and sufficient staff capacity to effect these strategies. ~~A retired school principal who serves as a substitute principal or assistant principal for the same person on a day-to-day basis for no more than 15 consecutive school days is not subject to continuing education requirements as a condition of serving as a substitute principal or assistant principal.~~

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

Sec. 13. Minnesota Statutes 2014, section 122A.14, is amended by adding a subdivision to read:

Subd. 10. **Principal preparation program reporting.** By December 31, 2018, and annually thereafter, the Board of School Administrators shall report and publish on its Web site the cumulative summary results of three years of data reported to the board under section 122A.09, subdivision 4a, paragraph (c), for each principal preparation program.

Sec. 14. Minnesota Statutes 2014, section 122A.18, subdivision 2, is amended to read:

Subd. 2. **Teacher and support personnel qualifications.** (a) The Board of Teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions, including those meeting the standards adopted under section 122A.09, subdivision 4, paragraph (o).

(b) ~~The board must require a person to pass an~~ candidate for teacher licensure to demonstrate a passing score on a board-adopted examination of skills in reading, writing, and mathematics or attain either a composite score composed of the average of the scores in English and writing, reading, and mathematics on the ACT Plus Writing recommended by the board, or an equivalent composite score composed of the average of the scores in critical reading, mathematics, and writing on the SAT recommended by the board, before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs, except that the board may issue up to two four temporary, one-year teaching licenses to an otherwise qualified candidate who has not yet passed the a board-adopted skills exam or attained the requisite composite score on the ACT Plus Writing or SAT. At the request of the employing school district or charter school, the Board of Teaching may issue a restricted license to an otherwise qualified teacher not passing or demonstrating a passing score on a board-adopted skills examination in reading, writing, and math. For purposes of this section, the restricted license issued by the board is limited to the current subject or content matter the teacher is employed to teach and limited to the district or charter school requesting the restricted license. If the board denies the request, it must provide a detailed response to the school administrator as to the reasons for the denial. The board must require colleges and universities offering a board approved teacher preparation program to make available upon request remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the a board-adopted skills examination or attain the requisite composite ACT Plus Writing or SAT score, including those for whom English is a second language. The colleges and universities must make available assistance in the specific academic areas of candidates' deficiency. School districts may make available upon request similar, appropriate, and timely remedial assistance that includes a formal diagnostic component to those persons employed by the district who completed their teacher education program, who did not achieve a qualifying score on the a board-adopted

skills examination, ~~or attain the requisite composite ACT Plus Writing or SAT score,~~ and who received a temporary license to teach in Minnesota. The Board of Teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking ~~the a board-adopted~~ skills examination, the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, ~~the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score,~~ and the candidates who ~~have not attained the requisite composite ACT Plus Writing or SAT score or~~ have not passed a content or pedagogy exam, disaggregated by categories of race, ethnicity, and eligibility for financial aid.

(c) The Board of Teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes passing ~~the a board-adopted~~ skills examination in reading, writing, and mathematics ~~or attaining the requisite composite ACT Plus Writing or SAT score consistent with paragraph (b),~~ and the exceptions in section 122A.09, subdivision 4, paragraph (b), that are consistent with this paragraph. The requirement to pass a board-adopted reading, writing, and mathematics skills examination, ~~or attain the requisite composite score on the ACT Plus Writing or SAT~~ does not apply to nonnative English speakers, as verified by qualified Minnesota school district personnel or Minnesota higher education faculty, who, after meeting the content and pedagogy requirements under this subdivision, apply for a teaching license to provide direct instruction in their native language or world language instruction under section 120B.022, subdivision 1. ~~A teacher candidate's official ACT Plus Writing or SAT composite score report to the board must not be more than ten years old at the time of licensure.~~

(d) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. Among other requirements, teacher candidates must demonstrate the knowledge and skills needed to provide appropriate instruction to English learners to support and accelerate their academic literacy, including oral academic language, and achievement in content areas in a regular classroom setting. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

Sec. 15. Minnesota Statutes 2014, section 122A.18, is amended by adding a subdivision to read:

Subd. 4a. **Limited provisional licenses.** The board may grant two-year provisional licenses to a licensure candidate in a field in which they were not previously licensed or in a field in which a shortage of licensed teachers exists. A shortage is defined as an inadequate supply of licensed personnel in a given licensure area as determined by the commissioner.

Sec. 16. Minnesota Statutes 2014, section 122A.20, subdivision 1, is amended to read:

Subdivision 1. **Grounds for revocation, suspension, or denial.** (a) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, may, on the written complaint of the school board employing a teacher, a teacher organization, or any other

interested person, refuse to issue, refuse to renew, suspend, or revoke a teacher's license to teach for any of the following causes:

- (1) immoral character or conduct;
- (2) failure, without justifiable cause, to teach for the term of the teacher's contract;
- (3) gross inefficiency or willful neglect of duty;
- (4) failure to meet licensure requirements; or
- (5) fraud or misrepresentation in obtaining a license.

The written complaint must specify the nature and character of the charges.

(b) The Board of Teaching or Board of School Administrators, whichever has jurisdiction over a teacher's licensure, shall refuse to issue, refuse to renew, or automatically revoke a teacher's license to teach without the right to a hearing upon receiving a certified copy of a conviction showing that the teacher has been convicted of child abuse, as defined in section 609.185, sex trafficking in the first degree under section 609.322, subdivision 1, sex trafficking in the second degree under section 609.322, subdivision 1a, engaging in hiring, or agreeing to hire a minor to engage in prostitution under section 609.324, subdivision 1, sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3, solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352, interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor, using minors in a sexual performance under section 617.246, or possessing pornographic works involving a minor under section 617.247, or any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States. The board shall send notice of this licensing action to the district in which the teacher is currently employed.

(c) A person whose license to teach has been revoked, not issued, or not renewed under paragraph (b), may petition the board to reconsider the licensing action if the person's conviction for child abuse or sexual abuse is reversed by a final decision of the Court of Appeals or the Supreme Court or if the person has received a pardon for the offense. The petitioner shall attach a certified copy of the appellate court's final decision or the pardon to the petition. Upon receiving the petition and its attachment, the board shall schedule and hold a disciplinary hearing on the matter under section 214.10, subdivision 2, unless the petitioner waives the right to a hearing. If the board finds that, notwithstanding the reversal of the petitioner's criminal conviction or the issuance of a pardon, the petitioner is disqualified from teaching under paragraph (a), clause (1), the board shall affirm its previous licensing action. If the board finds that the petitioner is not disqualified from teaching under paragraph (a), clause (1), it shall reverse its previous licensing action.

(d) For purposes of this subdivision, the Board of Teaching is delegated the authority to suspend or revoke coaching licenses.

Sec. 17. Minnesota Statutes 2014, section 122A.21, subdivision 2, is amended to read:

Subd. 2. **Licensure via portfolio.** (a) An eligible candidate may use licensure via portfolio to obtain an initial licensure or to add a licensure field, consistent with the applicable Board of Teaching licensure rules.

(b) A candidate for initial licensure must submit to the Educator Licensing Division at the department one portfolio demonstrating pedagogical competence and one portfolio demonstrating content competence.

(c) A candidate seeking to add a licensure field must submit to the Educator Licensing Division at the department one portfolio demonstrating content competence.

(d) The Board of Teaching must notify a candidate who submits a portfolio under paragraph (b) or (c) within 90 calendar days after the portfolio is received whether or not the portfolio was approved. If the portfolio was not approved, the board must immediately inform the candidate how to revise the portfolio to successfully demonstrate the requisite competence. The candidate may resubmit a revised portfolio at any time and the Educator Licensing Division at the department must approve or disapprove the portfolio within 60 calendar days of receiving it.

(e) A candidate must pay to the executive secretary of the Board of Teaching a \$300 fee for the first portfolio submitted for review and a \$200 fee for any portfolio submitted subsequently. The fees must be paid to the executive secretary of the Board of Teaching. The revenue generated from the fee must be deposited in an education licensure portfolio account in the special revenue fund. The fees set by the Board of Teaching are nonrefundable for applicants not qualifying for a license. The Board of Teaching may waive or reduce fees for candidates based on financial need.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all portfolios submitted to the Educator Licensing Division at the department after that date.

Sec. 18. Minnesota Statutes 2014, section 122A.23, is amended to read:

#### **122A.23 APPLICANTS TRAINED IN OTHER STATES.**

Subdivision 1. **Preparation equivalency.** When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the Board of Teaching or the commissioner of education, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. ~~The diploma or degree must be granted by virtue of completing a course coursework in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution~~ as preliminary to the granting of a diploma or a degree of the same rank and class. For purposes of granting a Minnesota teaching license to a person who receives a diploma or degree from a state-accredited, out-of-state teacher training program leading to licensure, the Board of Teaching must establish criteria and streamlined procedures by January 1, 2016, to recognize the experience and professional credentials of the person holding the out-of-state diploma or degree and allow that person to demonstrate to the board the person's qualifications for receiving a Minnesota teaching license based on performance measures the board adopts by January 1, 2016, under this section.

Subd. 2. **Applicants licensed in other states.** (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the Board of Teaching must issue a teaching license or a temporary teaching license under paragraphs ~~(b)~~ (c) to ~~(e)~~ (f) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held ~~a similar~~ an out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes either (1) field-specific teaching

methods ~~and~~, student teaching, or ~~essentially~~ equivalent experience, or (2) at least two years of teaching experience as the teacher of record in a similar licensure field.

(b) The Board of Teaching may issue a standard license on the basis of teaching experience and examination requirements only.

(c) The Board of Teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach ~~the same~~ a similar content field and grade levels if the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, and either (i) has completed field-specific teaching methods, student teaching, or equivalent experience, or (ii) has at least two years of teaching experience as the teacher of record in a similar licensure field.

(~~e~~) (d) The Board of Teaching, consistent with board rules and paragraph (h) (i), must issue up to ~~three~~ four one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach ~~the same~~ a similar content field and grade levels, where the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the Board of Teaching.

(~~d~~) (e) The Board of Teaching, consistent with board rules, must issue up to ~~three~~ four one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license to teach ~~the same~~ a similar content field and grade levels, where the scope of the out-of-state license is no more than two grade levels less than a similar Minnesota license, but has not completed field-specific teaching methods or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(~~e~~) (f) The Board of Teaching must issue a ~~temporary restricted~~ teaching license for a ~~term of up to three years~~ only in the content field or grade levels ~~specified~~ in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the Board of Teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) (g) The Board of Teaching ~~must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision~~ may issue a two-year limited provisional license to an applicant under this subdivision to teach in a shortage area, consistent with section 122A.18, subdivision 4a.

~~(g)~~ (h) The Board of Teaching ~~must not~~ may issue a license under this subdivision if the applicant has ~~not~~ attained the additional degrees, credentials, or licenses required in a particular licensure field and the applicant can demonstrate competency by obtaining qualifying scores on the board-adopted skills examination in reading, writing, and mathematics, and on applicable board-adopted rigorous content area and pedagogy examinations under section 122A.09, subdivision 4, paragraphs (a) and (e).

~~(h)~~ (i) The Board of Teaching must require an applicant for a teaching license or a temporary teaching license under this subdivision to pass a board-adopted skills examination in reading, writing, and mathematics ~~or demonstrate, consistent with section 122A.09, subdivision 4, the applicant's attainment of either the requisite composite ACT Plus Writing or SAT score before the board issues the license unless, notwithstanding other provisions of this subdivision, an applicable board-approved National Association of State Directors of Teacher Education interstate reciprocity agreement exists to allow fully certified teachers from other states to transfer their certification to Minnesota.~~

Subd. 3. **Teacher licensure agreements with adjoining states.** (a) Notwithstanding any other law to the contrary, the Board of Teaching must enter into a National Association of State Directors of Teacher Education and Certification (NASDTEC) interstate agreement and other interstate agreements for teacher licensure to allow fully certified teachers from adjoining states to transfer their certification to Minnesota. The board must enter into these interstate agreements only after determining that the rigor of the teacher licensure or certification requirements in the adjoining state is commensurate with the rigor of Minnesota's teacher licensure requirements. The board may limit an interstate agreement to particular content fields or grade levels based on established priorities or identified shortages. This subdivision does not apply to out-of-state applicants holding only a provisional teaching license.

(b) The Board of Teaching must work with designated authorities in adjoining states to establish interstate teacher licensure agreements under this section.

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

Sec. 19. Minnesota Statutes 2014, section 122A.245, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) To improve academic excellence, improve ethnic and cultural diversity in the classroom, and close the academic achievement gap, the Board of Teaching must approve qualified teacher preparation programs under this section that are a means to acquire a two-year limited-term license, which the board may renew one time for an additional one-year term, and to prepare for acquiring a standard license. The following entities are eligible to participate under this section:

(1) a school district or, charter school, or nonprofit corporation organized under chapter 317A for an education-related purpose that forms a partnership with a college or university that has a board-approved alternative teacher preparation program; or

(2) a school district or charter school, after consulting with a college or university with a board-approved teacher preparation program, that forms a partnership with a nonprofit corporation organized under chapter 317A for an education-related purpose that has a board-approved teacher preparation program.

(b) Before participating in this program becoming a teacher of record, a candidate must:

(1) have a bachelor's degree with a 3.0 or higher grade point average unless the board waives the grade point average requirement based on board-adopted criteria adopted by January 1, 2016;

(2) ~~pass the~~ demonstrate a passing score on a board-adopted reading, writing, and mathematics skills examination under section 122A.09, subdivision 4, paragraph (b); and

(3) obtain qualifying scores on applicable board-approved rigorous content area and pedagogy examinations under section 122A.09, subdivision 4, paragraph (e).

(c) The Board of Teaching must issue a two-year limited-term license to a person who enrolls in an alternative teacher preparation program.

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

Sec. 20. Minnesota Statutes 2014, section 122A.245, subdivision 3, is amended to read:

Subd. 3. **Program approval; disapproval.** (a) The Board of Teaching must approve alternative teacher preparation programs under this section based on board-adopted criteria that reflect best practices for alternative teacher preparation programs, consistent with this section.

(b) The board must permit teacher candidates to demonstrate mastery of pedagogy and content standards in school-based settings and through other nontraditional means. "Nontraditional means" must include a portfolio of previous experiences, teaching experience, educator evaluations, certifications marking the completion of education training programs, and essentially equivalent demonstrations.

(c) The board must use nontraditional criteria to determine the qualifications of program instructors.

(d) The board may permit instructors to hold a baccalaureate degree only.

(b) (e) If the Board of Teaching determines that a teacher preparation program under this section does not meet the requirements of this section, it may revoke its approval of the program after it notifies the program provider of any deficiencies and gives the program provider an opportunity to remedy the deficiencies.

Sec. 21. Minnesota Statutes 2014, section 122A.245, subdivision 7, is amended to read:

Subd. 7. **Standard license.** The Board of Teaching must issue a standard license to an otherwise qualified teacher candidate under this section who successfully performs throughout a program under this section, ~~successfully completes all required~~ obtains qualifying scores on applicable board-adopted rigorous skills, pedagogy, and content area examinations under section 122A.09, subdivision 4, paragraphs (a) and (e), and is recommended for licensure under subdivision 5 or successfully demonstrates to the board qualifications for licensure under subdivision 6.

Sec. 22. Minnesota Statutes 2014, section 122A.30, is amended to read:

**122A.30 EXEMPTION FOR TECHNICAL ~~COLLEGE~~ EDUCATION INSTRUCTORS.**

(a) Notwithstanding section 122A.15, subdivision 1, and upon approval of the local employer school board, a person who teaches in a part-time vocational or career and technical education program not more than 61 hours per fiscal year is exempt from a license requirement. Nothing in this section shall exclude licensed career and technical educators from the definition of "teacher" in section 122A.40, 122A.41, or 179A.03.

(b) This section expires June 30, 2020.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all technical education instructors hired after that date.

Sec. 23. Minnesota Statutes 2014, section 122A.40, subdivision 8, is amended to read:

Subd. 8. **Development, evaluation, and peer coaching for continuing contract teachers.**

(a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop a teacher evaluation and peer review process for probationary and continuing contract teachers through joint agreement. If a school board and the exclusive representative of the teachers do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

(1) must, for probationary teachers, provide for all evaluations required under subdivision 5;

(2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator. For the years when a tenured teacher is not evaluated by a qualified and trained evaluator, the teacher must be evaluated by a peer review;

(3) must be based on professional teaching standards established in rule;

(4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;

(5) may provide time during the school day and school year for peer coaching and teacher collaboration;

(6) may include job-embedded learning opportunities such as professional learning communities;

(7) may include mentoring and induction programs;

(8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b), and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection, and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are

responsible, including academic literacy, oral academic language, and achievement of content areas of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.41 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 5.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

Sec. 24. Minnesota Statutes 2014, section 122A.40, subdivision 13, is amended to read:

Subd. 13. **Immediate discharge.** (a) Except as otherwise provided in paragraph (b), a board may discharge a continuing-contract teacher, effective immediately, upon any of the following grounds:

- (1) immoral conduct, insubordination, or conviction of a felony;
- (2) conduct unbecoming a teacher which requires the immediate removal of the teacher from classroom or other duties;
- (3) failure without justifiable cause to teach without first securing the written release of the school board;
- (4) gross inefficiency which the teacher has failed to correct after reasonable written notice;
- (5) willful neglect of duty; or
- (6) continuing physical or mental disability subsequent to a 12 months leave of absence and inability to qualify for reinstatement in accordance with subdivision 12.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

Prior to discharging a teacher under this paragraph, the board must notify the teacher in writing and state its ground for the proposed discharge in reasonable detail. Within ten days after receipt of this notification the teacher may make a written request for a hearing before the board and it shall be granted before final action is taken. The board may suspend a teacher with pay pending the conclusion of the hearing and determination of the issues raised in the hearing after charges have been filed which constitute ground for discharge. If a teacher has been charged with a felony and the underlying conduct that is the subject of the felony charge is a ground for a proposed immediate discharge, the suspension pending the conclusion of the hearing and determination of the issues may be without pay. If a hearing under this paragraph is held, the board must reimburse the teacher for any salary or compensation withheld if the final decision of the board or the arbitrator does not result in a penalty to or suspension, termination, or discharge of the teacher.

(b) A board must discharge a continuing-contract teacher, effective immediately, upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse ~~or~~, as defined in section 609.185; sex trafficking in the first degree under section 609.322, subdivision 1; sex trafficking in the second degree under section 609.322, subdivision 1a; engaging in hiring or agreeing to hire a minor to engage in prostitution under section 609.324, subdivision 1; sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3; solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352; interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor; using minors in a sexual performance under section 617.246; possessing pornographic works involving a minor under section 617.247; or any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States.

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Board of Teaching and the licensing division at the department with the necessary and relevant information to enable the Board of Teaching and the department's

licensing division to fulfill their statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Board of Teaching or the licensing division at the department under this paragraph is governed by section 13.41 or other applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Board of Teaching and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

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

Sec. 25. Minnesota Statutes 2014, section 122A.41, subdivision 5, is amended to read:

**Subd. 5. Development, evaluation, and peer coaching for continuing contract teachers.** (a) To improve student learning and success, a school board and an exclusive representative of the teachers in the district, consistent with paragraph (b), may develop an annual teacher evaluation and peer review process for probationary and nonprobationary teachers through joint agreement. If a school board and the exclusive representative of the teachers in the district do not agree to an annual teacher evaluation and peer review process, then the school board and the exclusive representative of the teachers must implement the state teacher evaluation plan developed under paragraph (c). The process must include having trained observers serve as peer coaches or having teachers participate in professional learning communities, consistent with paragraph (b).

(b) To develop, improve, and support qualified teachers and effective teaching practices and improve student learning and success, the annual evaluation process for teachers:

- (1) must, for probationary teachers, provide for all evaluations required under subdivision 2;
- (2) must establish a three-year professional review cycle for each teacher that includes an individual growth and development plan, a peer review process, and at least one summative evaluation performed by a qualified and trained evaluator such as a school administrator;
- (3) must be based on professional teaching standards established in rule;
- (4) must coordinate staff development activities under sections 122A.60 and 122A.61 with this evaluation process and teachers' evaluation outcomes;
- (5) may provide time during the school day and school year for peer coaching and teacher collaboration;
- (6) may include job-embedded learning opportunities such as professional learning communities;
- (7) may include mentoring and induction programs;
- (8) must include an option for teachers to develop and present a portfolio demonstrating evidence of reflection and professional growth, consistent with section 122A.18, subdivision 4, paragraph (b),

and include teachers' own performance assessment based on student work samples and examples of teachers' work, which may include video among other activities for the summative evaluation;

(9) must use data from valid and reliable assessments aligned to state and local academic standards and must use state and local measures of student growth and literacy that may include value-added models or student learning goals to determine 35 percent of teacher evaluation results;

(10) must use longitudinal data on student engagement and connection and other student outcome measures explicitly aligned with the elements of curriculum for which teachers are responsible, including academic literacy, oral academic language, and achievement of English learners;

(11) must require qualified and trained evaluators such as school administrators to perform summative evaluations and ensure school districts and charter schools provide for effective evaluator training specific to teacher development and evaluation;

(12) must give teachers not meeting professional teaching standards under clauses (3) through (11) support to improve through a teacher improvement process that includes established goals and timelines; and

(13) must discipline a teacher for not making adequate progress in the teacher improvement process under clause (12) that may include a last chance warning, termination, discharge, nonrenewal, transfer to a different position, a leave of absence, or other discipline a school administrator determines is appropriate.

Data on individual teachers generated under this subdivision are personnel data under section 13.43. The observation and interview notes of peer coaches may only be disclosed to other school officials with the consent of the teacher being coached.

(c) The department, in consultation with parents who may represent parent organizations and teacher and administrator representatives appointed by their respective organizations, representing the Board of Teaching, the Minnesota Association of School Administrators, the Minnesota School Boards Association, the Minnesota Elementary and Secondary Principals Associations, Education Minnesota, and representatives of the Minnesota Assessment Group, the Minnesota Business Partnership, the Minnesota Chamber of Commerce, and Minnesota postsecondary institutions with research expertise in teacher evaluation, must create and publish a teacher evaluation process that complies with the requirements in paragraph (b) and applies to all teachers under this section and section 122A.40 for whom no agreement exists under paragraph (a) for an annual teacher evaluation and peer review process. The teacher evaluation process created under this subdivision does not create additional due process rights for probationary teachers under subdivision 2.

(d) Consistent with the measures of teacher effectiveness under this subdivision:

(1) for students in kindergarten through grade 4, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that grade; and

(2) for students in grades 5 through 12, a school administrator must not place or approve the placement of a student in the classroom of a teacher who is in the improvement process referenced

in paragraph (b), clause (12), or has not had a summative evaluation if, in the prior year, that student was in the classroom of a teacher who received discipline pursuant to paragraph (b), clause (13), unless no other teacher at the school teaches that subject area and grade.

All data created and used under this paragraph retains its classification under chapter 13.

Sec. 26. Minnesota Statutes 2014, section 122A.41, subdivision 6, is amended to read:

Subd. 6. **Grounds for discharge or demotion.** (a) Except as otherwise provided in paragraph (b), causes for the discharge or demotion of a teacher either during or after the probationary period must be:

- (1) immoral character, conduct unbecoming a teacher, or insubordination;
- (2) failure without justifiable cause to teach without first securing the written release of the school board having the care, management, or control of the school in which the teacher is employed;
- (3) inefficiency in teaching or in the management of a school, consistent with subdivision 5, paragraph (b);
- (4) affliction with a communicable disease must be considered as cause for removal or suspension while the teacher is suffering from such disability; or
- (5) discontinuance of position or lack of pupils.

For purposes of this paragraph, conduct unbecoming a teacher includes an unfair discriminatory practice described in section 363A.13.

(b) A probationary or continuing-contract teacher must be discharged immediately upon receipt of notice under section 122A.20, subdivision 1, paragraph (b), that the teacher's license has been revoked due to a conviction for child abuse or, as defined in section 609.185; sex trafficking in the first degree under section 609.322, subdivision 1; sex trafficking in the second degree under section 609.322, subdivision 1a; engaging in hiring or agreeing to hire a minor to engage in prostitution under section 609.324, subdivision 1; sexual abuse under section 609.342, 609.343, 609.344, 609.345, 609.3451, subdivision 3, or 617.23, subdivision 3; solicitation of children to engage in sexual conduct or communication of sexually explicit materials to children under section 609.352; interference with privacy under section 609.746 or stalking under section 609.749 and the victim was a minor; using minors in a sexual performance under section 617.246; possessing pornographic works involving a minor under section 617.247; or any other offense not listed in this paragraph that requires the person to register as a predatory offender under section 243.166, or a crime under a similar law of another state or the United States.

(c) When a teacher is discharged under paragraph (b) or when the commissioner makes a final determination of child maltreatment involving a teacher under section 626.556, subdivision 11, the school principal or other person having administrative control of the school must include in the teacher's employment record the information contained in the record of the disciplinary action or the final maltreatment determination, consistent with the definition of public data under section 13.41, subdivision 5, and must provide the Board of Teaching and the licensing division at the department with the necessary and relevant information to enable the Board of Teaching and the department's licensing division to fulfill their statutory and administrative duties related to issuing, renewing, suspending, or revoking a teacher's license. Information received by the Board of Teaching or the licensing division at the department under this paragraph is governed by section 13.41 or other

applicable law governing data of the receiving entity. In addition to the background check required under section 123B.03, a school board or other school hiring authority must contact the Board of Teaching and the department to determine whether the teacher's license has been suspended or revoked, consistent with the discharge and final maltreatment determinations identified in this paragraph. Unless restricted by federal or state data practices law or by the terms of a collective bargaining agreement, the responsible authority for a school district must disseminate to another school district private personnel data on a current or former teacher employee or contractor of the district, including the results of background investigations, if the requesting school district seeks the information because the subject of the data has applied for employment with the requesting school district.

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

Sec. 27. Minnesota Statutes 2014, section 122A.413, subdivision 1, is amended to read:

Subdivision 1. **Qualifying plan.** A district ~~or~~, intermediate school district, or a cooperative unit, as defined in section 123A.24, subdivision 2, may develop an educational improvement plan for the purpose of qualifying for the alternative teacher professional pay system under section 122A.414. The plan must include measures for improving school district, intermediate school district, cooperative, school site, teacher, and individual student performance.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 28. Minnesota Statutes 2014, section 122A.413, subdivision 2, is amended to read:

Subd. 2. **Plan components.** The educational improvement plan must be approved by the school board or governing board and have at least these elements:

(1) assessment and evaluation tools to measure student performance and progress, including the academic literacy, oral academic language, and achievement of English learners, among other measures;

(2) performance goals and benchmarks for improvement;

(3) measures of student attendance and completion rates;

(4) a rigorous research and practice-based professional development system, based on national and state standards of effective teaching practice applicable to all students including English learners with varied needs under section 124D.59, subdivisions 2 and 2a, and consistent with section 122A.60, that is aligned with educational improvement and designed to achieve ongoing and schoolwide progress and growth in teaching practice;

(5) measures of student, family, and community involvement and satisfaction;

(6) a data system about students and their academic progress that provides parents and the public with understandable information;

(7) a teacher induction and mentoring program for probationary teachers that provides continuous learning and sustained teacher support; and

(8) substantial participation by the exclusive representative of the teachers in developing the plan.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 29. Minnesota Statutes 2014, section 122A.414, subdivision 1, is amended to read:

Subdivision 1. **Restructured pay system.** A restructured alternative teacher professional pay system is established under subdivision 2 to provide incentives to encourage teachers to improve their knowledge and instructional skills in order to improve student learning and for school districts, intermediate school districts, cooperative units, as defined in section 123A.24, subdivision 2, and charter schools to recruit and retain highly qualified teachers, encourage highly qualified teachers to undertake challenging assignments, and support teachers' roles in improving students' educational achievement.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 30. Minnesota Statutes 2014, section 122A.414, subdivision 1a, is amended to read:

Subd. 1a. **Transitional planning year.** (a) To be eligible to participate in an alternative teacher professional pay system, a school district, intermediate school district, or site, at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the school district or intermediate school district and the exclusive representative of the teachers to complete a plan preparing for full implementation, consistent with subdivision 2, that may include, among other activities, training to evaluate teacher performance, a restructured school day to develop integrated ongoing site-based professional development activities, release time to develop an alternative pay system agreement, and teacher and staff training on using multiple data sources; and

(2) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system agreement under this section.

(b) To be eligible to participate in an alternative teacher professional pay system, a charter school, at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the charter school and the charter school board of directors;

(2) submit the record of a formal vote by the teachers employed at the charter school indicating at least 70 percent of all teachers agree to implement the alternative pay system; and

(3) agree to use up to two percent of basic revenue for staff development purposes, consistent with sections 122A.60 and 122A.61, to develop the alternative teacher professional pay system.

(c) To be eligible to participate in an alternative teacher professional pay system, a cooperative, excluding intermediate school districts at least one school year before it expects to fully implement an alternative pay system, must:

(1) submit to the department a letter of intent executed by the governing board of the cooperative; and

(2) submit the record of a formal vote by the teachers employed by the cooperative indicating at least 70 percent of all teachers agree to implement the alternative pay system.

(e) (d) The commissioner may waive the planning year if the commissioner determines, based on the criteria under subdivision 2, that the school district, intermediate school district, cooperative, site or charter school is ready to fully implement an alternative pay system.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 31. Minnesota Statutes 2014, section 122A.414, subdivision 2, is amended to read:

Subd. 2. **Alternative teacher professional pay system.** (a) To participate in this program, a school district, intermediate school district, school site, or charter school must have an educational improvement plan under section 122A.413 and an alternative teacher professional pay system agreement under paragraph (b). A charter school participant also must comply with subdivision 2a.

(b) The alternative teacher professional pay system agreement must:

(1) describe how teachers can achieve career advancement and additional compensation;

(2) describe how the school district, intermediate school district, school site, or charter school will provide teachers with career advancement options that allow teachers to retain primary roles in student instruction and facilitate site-focused professional development that helps other teachers improve their skills;

(3) reform the "steps and lanes" salary schedule, prevent any teacher's compensation paid before implementing the pay system from being reduced as a result of participating in this system, base at least 60 percent of any compensation increase on teacher performance using:

(i) schoolwide student achievement gains under section 120B.35 or locally selected standardized assessment outcomes, or both;

(ii) measures of student growth and literacy that may include value-added models or student learning goals, consistent with section 122A.40, subdivision 8, clause (9), or 122A.41, subdivision 5, clause (9), and other measures that include the academic literacy, oral academic language, and achievement of English learners under section 122A.40, subdivision 8, clause (10), or 122A.41, subdivision 5, clause (10); and

(iii) an objective evaluation program under section 122A.40, subdivision 8, paragraph (b), clause (2), or 122A.41, subdivision 5, paragraph (b), clause (2);

(4) provide for participation in job-embedded learning opportunities such as professional learning communities to improve instructional skills and learning that are aligned with student needs under section 122A.413, consistent with the staff development plan under section 122A.60 and led during the school day by trained teacher leaders such as master or mentor teachers;

(5) allow any teacher in a participating school district, intermediate school district, school site, or charter school that implements an alternative pay system to participate in that system without any quota or other limit; and

(6) encourage collaboration rather than competition among teachers.

(c) The alternative teacher professional pay system may:

(1) include a hiring bonus or other added compensation for teachers who are identified as effective or highly effective under the local teacher professional review cycle and work in a hard-to-fill position or in a hard-to-staff school such as a school with a majority of students whose

families meet federal poverty guidelines, a geographically isolated school, or a school identified by the state as eligible for targeted programs or services for its students; and

(2) include incentives for teachers to obtain a master's degree or other advanced certification in their content field of licensure, pursue the training or education necessary to obtain an additional licensure in shortage areas identified by the district or charter school, or help fund a "grow your own" new teacher initiative.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to agreements approved or renegotiated after that date.

Sec. 32. Minnesota Statutes 2014, section 122A.414, subdivision 2a, is amended to read:

Subd. 2a. **Charter school applications; cooperative applications.** (a) For charter school applications, the board of directors of a charter school that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:

- (1) an agreement to implement an alternative teacher professional pay system under this section;
- (2) a resolution by the charter school board of directors adopting the agreement; and
- (3) the record of a formal vote by the teachers employed at the charter school indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system, unless the charter school submits an alternative teacher professional pay system agreement under this section before the first year of operation.

~~Alternative compensation revenue for a qualifying charter school must be calculated under section 126C.10, subdivision 34, paragraphs (a) and (b):~~

(b) For cooperative unit applications, excluding intermediate school districts, the governing board of a cooperative unit that satisfies the conditions under subdivisions 2 and 2b must submit to the commissioner an application that contains:

- (1) an agreement to implement an alternative teacher professional pay system under this section;
- (2) a resolution by the governing board adopting the agreement; and
- (3) the record of a formal vote by the teachers employed at the cooperative unit indicating that at least 70 percent of all teachers agree to implement the alternative teacher professional pay system.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 33. Minnesota Statutes 2014, section 122A.414, subdivision 2b, is amended to read:

Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section and sections 122A.413 and 122A.415, the department must prepare and transmit to interested school districts, intermediate school districts, cooperatives, school sites, and charter schools a standard form for applying to participate in the alternative teacher professional pay system. The commissioner annually must establish three dates as deadlines by which interested applicants must submit an application to the commissioner under this section. An interested school district, intermediate school district, cooperative, school site, or charter school must submit to the commissioner a completed application executed by the district superintendent and the exclusive bargaining representative of the teachers if the applicant is a school district, intermediate school district, or school site, or executed by the charter school board of directors if the applicant is a charter school

or executed by the governing board if the applicant is a cooperative unit. The application must include the proposed alternative teacher professional pay system agreement under subdivision 2. The department must review a completed application within 30 days of the most recent application deadline and recommend to the commissioner whether to approve or disapprove the application. The commissioner must approve applications on a first-come, first-served basis. The applicant's alternative teacher professional pay system agreement must be legally binding on the applicant and the collective bargaining representative before the applicant receives alternative compensation revenue. The commissioner must approve or disapprove an application based on the requirements under subdivisions 2 and 2a.

(b) If the commissioner disapproves an application, the commissioner must give the applicant timely notice of the specific reasons in detail for disapproving the application. The applicant may revise and resubmit its application and related documents to the commissioner within 30 days of receiving notice of the commissioner's disapproval and the commissioner must approve or disapprove the revised application, consistent with this subdivision. Applications that are revised and then approved are considered submitted on the date the applicant initially submitted the application.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 34. Minnesota Statutes 2014, section 122A.414, subdivision 3, is amended to read:

Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate school districts, cooperatives, school sites, and charter schools must report on the implementation and effectiveness of the alternative teacher professional pay system, particularly addressing each requirement under subdivision 2 and make annual recommendations by June 15 to their school boards. The school board ~~or~~, board of directors, or governing board shall transmit a copy of the report with a summary of the findings and recommendations of the district, intermediate school district, cooperative, school site, or charter school to the commissioner in the form and manner determined by the commissioner.

(b) If the commissioner determines that a school district, intermediate school district, cooperative, school site, or charter school that receives alternative teacher compensation revenue is not complying with the requirements of this section, the commissioner may withhold funding from that participant. Before making the determination, the commissioner must notify the participant of any deficiencies and provide the participant an opportunity to comply.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 35. Minnesota Statutes 2014, section 122A.415, is amended to read:

#### **122A.415 ALTERNATIVE COMPENSATION REVENUE.**

Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district, cooperative unit as defined in section 123A.24, subdivision 2, school site, or charter school that meets the conditions of section 122A.414 and submits an application approved by the commissioner is eligible for alternative teacher compensation revenue.

(b) For school district and intermediate school district applications, the commissioner must consider only those applications to participate that are submitted jointly by a district and the exclusive representative of the teachers. The application must contain an alternative teacher professional pay system agreement that:

(1) implements an alternative teacher professional pay system consistent with section 122A.414; and

(2) is negotiated and adopted according to the Public Employment Labor Relations Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a district may enter into a contract for a term of two or four years.

Alternative teacher compensation revenue for a qualifying school district or site in which the school board and the exclusive representative of the teachers agree to place teachers in the district or at the site on the alternative teacher professional pay system equals \$260 times the number of pupils enrolled at the district or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue for a qualifying intermediate school district or cooperative must be calculated under subdivision 4, paragraph ~~(a)~~ (b).

(c) For a newly combined or consolidated district, the revenue shall be computed using the sum of pupils enrolled on October 1 of the previous year in the districts entering into the combination or consolidation. The commissioner may adjust the revenue computed for a site using prior year data to reflect changes attributable to school closings, school openings, or grade level reconfigurations between the prior year and the current year.

(d) The revenue is available only to school districts, intermediate school districts, cooperatives, school sites, and charter schools that fully implement an alternative teacher professional pay system by October 1 of the current school year.

Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, cooperatives, school sites, or charter schools with approved applications must receive alternative compensation revenue for each school year that the district, intermediate school district, cooperative, school site, or charter school implements an alternative teacher professional pay system under this subdivision and section 122A.414. ~~For fiscal year 2007 and later,~~ A qualifying district, intermediate school district, cooperative, school site, or charter school that received alternative teacher compensation aid for the previous fiscal year must receive at least an amount of alternative teacher compensation revenue equal to the lesser of the amount it received for the previous fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if the district, intermediate school district, cooperative, school site, or charter school submits a timely application and the commissioner determines that the district, intermediate school district, cooperative, school site, or charter school continues to implement an alternative teacher professional pay system, consistent with its application under this section.

(b) The commissioner shall approve applications that comply with subdivision 1, and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter school or cooperative, in the order in which they are received, select applicants that qualify for this program, notify school districts, intermediate school districts, cooperatives, school sites, and charter schools about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

~~(c) For fiscal year 2008 and later, the portion of the state total basic alternative teacher compensation aid entitlement allocated to charter schools must not exceed the product of \$3,374,000 times the ratio of the state total charter school enrollment for the previous fiscal year to the state total charter school enrollment for fiscal year 2007. Additional basic alternative teacher compensation aid may be approved for charter schools after August 1, not to exceed the~~

charter school limit for the following fiscal year, if the basic alternative teacher compensation aid entitlement for school districts based on applications approved by August 1 does not expend the remaining amount under the limit.

Subd. 4. **Basic alternative teacher compensation aid.** (a) For fiscal year 2015 and later, The basic alternative teacher compensation aid for a school with a plan approved under section 122A.414, subdivision 2b, equals 65 percent of the alternative teacher compensation revenue under subdivision 1. The basic alternative teacher compensation aid for an intermediate school district or a charter school with a plan approved under section 122A.414, subdivisions 2a and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled in the school on October 1 of the previous year, or on October 1 of the current year for a charter school in the first year of operation, times the ratio of the sum of the alternative teacher compensation aid and alternative teacher compensation levy for all participating school districts to the maximum alternative teacher compensation revenue for those districts under subdivision 1.

(b) Notwithstanding paragraph (a) and subdivision 1, the state total basic alternative teacher compensation aid entitlement must not exceed ~~\$75,636,000~~ \$88,118,000 for fiscal year ~~2015~~ 2017 and later. The commissioner must limit the amount of alternative teacher compensation aid approved under this section so as not to exceed these limits. Basic alternative teacher compensation aid for an intermediate district or other cooperative unit equals \$3,000 times the number of licensed teachers employed by the intermediate district or cooperative unit on October 1 of the previous school year.

Subd. 5. **Alternative teacher compensation levy.** For fiscal year 2015 and later, The alternative teacher compensation levy for a district receiving basic alternative teacher compensation aid equals the product of (1) the difference between the district's alternative teacher compensation revenue and the district's basic alternative teacher compensation aid, times (2) the lesser of one or the ratio of the district's adjusted net tax capacity per adjusted pupil unit to \$6,100.

Subd. 6. **Alternative teacher compensation equalization aid.** (a) For fiscal year 2015 and later, A district's alternative teacher compensation equalization aid equals the district's alternative teacher compensation revenue minus the district's basic alternative teacher compensation aid minus the district's alternative teacher compensation levy. If a district does not levy the entire amount permitted, the alternative teacher compensation equalization aid must be reduced in proportion to the actual amount levied.

(b) A district's alternative teacher compensation aid equals the sum of the district's basic alternative teacher compensation aid and the district's alternative teacher compensation equalization aid.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 36. Minnesota Statutes 2014, section 122A.60, is amended to read:

**122A.60 STAFF DEVELOPMENT PROGRAM.**

Subdivision 1. **Staff development committee.** (a) A school board must use the revenue authorized in section 122A.61 for ~~in-service education for programs under section 120B.22, subdivision 2, or for staff development.~~

(1) teacher development and evaluation plans under this section 122A.40, subdivision 8, or 122A.41, subdivision 5;

(2) principal development and evaluation under section 123B.147, subdivision 3;

(3) in-service education programs under section 120B.22, subdivision 2; and

(4) other staff development needs.

(b) The board must establish an advisory staff development committee to develop the plan, assist site professional development teams in developing a site plan consistent with the goals of the plan, and evaluate staff development efforts at the site level. A majority of the advisory committee and the site professional development team must be teachers representing various grade levels, subject areas, and special education. The advisory committee must also include nonteaching staff, parents, and administrators.

Subd. 1a. **Effective staff development activities.** (a) Staff development activities must:

(1) focus on the school classroom and research-based strategies that improve student learning;

(2) provide opportunities for teachers to practice and improve their instructional skills over time;

(3) provide opportunities for teachers to use student data as part of their daily work to increase student achievement;

(4) enhance teacher content knowledge and instructional skills, including to accommodate the delivery of digital and blended learning and curriculum and engage students with technology;

(5) align with state and local academic standards;

(6) provide opportunities to build professional relationships, foster collaboration among principals and staff who provide instruction, and provide opportunities for teacher-to-teacher mentoring;

(7) align with the plan of the district or site for an alternative teacher professional pay system;

(8) provide teachers of English learners, including English as a second language and content teachers, with differentiated instructional strategies critical for ensuring students' long-term academic success; the means to effectively use assessment data on the academic literacy, oral academic language, and English language development of English learners; and skills to support native and English language development across the curriculum; and

(9) provide opportunities for staff to learn about current workforce trends, the connections between workforce trends and postsecondary education, and training options, including career and technical education options.

Staff development activities may include curriculum development and curriculum training programs, and activities that provide teachers and other members of site-based teams training to enhance team performance. The school district also may implement other staff development activities required by law and activities associated with professional teacher compensation models.

(b) Release time provided for teachers to supervise students on field trips and school activities, or independent tasks not associated with enhancing the teacher's knowledge and instructional skills, such as preparing report cards, calculating grades, or organizing classroom materials, may not be counted as staff development time that is financed with staff development reserved revenue under section 122A.61.

Subd. 2. **Contents of plan.** The plan must include the staff development outcomes under section 122A.40, subdivision 8, or 122A.41, subdivision 5, and section 123B.147, subdivision 3, the means to achieve the outcomes, and procedures for evaluating progress at each school site toward meeting education and staff development outcomes, consistent with relicensure requirements under section 122A.18, subdivision 4. The plan also must:

- (1) support stable and productive professional communities achieved through ongoing and schoolwide progress and growth in teaching practice;
- (2) emphasize coaching, professional learning communities, classroom action research, and other job-embedded models;
- (3) maintain a strong subject matter focus premised on students' learning goals, consistent with section 120B.125;
- (4) ensure specialized preparation and learning about issues related to teaching English learners and students with special needs by focusing on long-term systemic efforts to improve educational services and opportunities and raise student achievement; and
- (5) reinforce national and state standards of effective teaching practice.

Subd. 3. **Staff development outcomes.** The advisory staff development committee must adopt a staff development plan, consistent with section 122A.40, subdivision 8, or 122A.41, subdivision 5, for developing and evaluating teachers and for improving student achievement outcomes and with section 123B.147, subdivision 3, for strengthening principals' capacity in areas of instruction, supervision, evaluation, and teacher development. The plan must be consistent with education outcomes that the school board determines. The plan must include ongoing staff development activities that contribute toward continuous improvement in ~~achievement of~~ achieving the following goals:

- (1) improve student achievement of state and local education standards in all areas of the curriculum, including areas of regular academic and applied and experiential learning, by using research-based best practices methods;
- (2) effectively meet the needs of a diverse student population, including at-risk children, children with disabilities, English learners, and gifted children, within the regular classroom, applied and experiential learning settings, and other settings;
- (3) provide an inclusive curriculum for a racially, ethnically, linguistically, and culturally diverse student population that is consistent with the state education diversity rule and the district's education diversity plan;
- (4) improve staff collaboration and develop mentoring and peer coaching programs for teachers new to the school or district;
- (5) effectively teach and model violence prevention policy and curriculum that address early intervention alternatives, issues of harassment, and teach nonviolent alternatives for conflict resolution;
- (6) effectively deliver digital and blended learning and curriculum and engage students with technology; and

(7) provide teachers and other members of site-based management teams with appropriate management and financial management skills.

Subd. 4. **Staff development report.** (a) By October 15 of each year, the district and site staff development committees shall write and submit a report of staff development activities and expenditures for the previous year, in the form and manner determined by the commissioner. The report, signed by the district superintendent and staff development chair, must include assessment and evaluation data indicating progress toward district and site staff development goals based on teaching and learning outcomes, including the percentage of teachers and other staff involved in instruction who participate in effective staff development activities under subdivision 3.

(b) The report must break down expenditures for:

- (1) curriculum development and curriculum training programs; and
- (2) staff development training models, workshops, and conferences, and the cost of releasing teachers or providing substitute teachers for staff development purposes.

The report also must indicate whether the expenditures were incurred at the district level or the school site level, and whether the school site expenditures were made possible by grants to school sites that demonstrate exemplary use of allocated staff development revenue. These expenditures must be reported using the uniform financial and accounting and reporting standards.

(c) The commissioner shall report the staff development progress and expenditure data to the house of representatives and senate committees having jurisdiction over education by February 15 each year.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 37. Minnesota Statutes 2014, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. **Staff development revenue.** A district is required to reserve an amount equal to at least two percent of the basic revenue under section 126C.10, subdivision 2, for:

(1) teacher development and evaluation under sections 122A.40, subdivision 8, or 122A.41, subdivision 5;

(2) principal development and evaluation under section 123B.147, subdivision 3;

(3) professional development under section 122A.60; and

(4) in-service education for programs under section 120B.22, subdivision 2;

To the extent extra funds remain, staff development revenue may be used for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' mentoring under section 122A.70 and evaluation, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, preservice and in-service education for special education professionals and paraprofessionals, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt

from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs.

**EFFECTIVE DATE.** This section is effective for the 2016-2017 school year and later.

Sec. 38. Minnesota Statutes 2014, section 122A.69, is amended to read:

**122A.69 PRACTICE OR STUDENT TEACHERS.**

The Board of Teaching may, by agreements with teacher ~~preparing~~ preparation institutions, arrange for classroom experience in the district for practice or student teachers who have completed ~~not less than~~ at least two years of an approved teacher ~~education~~ preparation program. Such practice and student teachers must be ~~provided with appropriate supervision~~ appropriately supervised by a fully qualified teacher under rules ~~promulgated~~ adopted by the board. A practice or student teacher must be placed with a cooperating licensed teacher who has at least three years of teaching experience and is not in the improvement process under section 122A.40, subdivision 8, paragraph (b), clause (12), or 122A.41, subdivision 5, paragraph (b), clause (12). Practice and student teachers are ~~deemed~~ employees of the school district in which they are rendering services for purposes of workers' compensation; liability insurance, if provided for other district employees ~~in accordance with under~~ section 123B.23; and legal counsel ~~in accordance with the provisions of~~ under section 123B.25.

**EFFECTIVE DATE.** This section is effective for the 2015-2016 school year and later.

Sec. 39. Minnesota Statutes 2014, section 124D.09, subdivision 5, is amended to read:

Subd. 5. **Authorization; notification.** Notwithstanding any other law to the contrary, an 11th or 12th grade pupil enrolled in a school or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to an eligible institution, as defined in subdivision 3, to enroll in nonsectarian courses offered by that postsecondary institution. Notwithstanding any other law to the contrary, a 9th or 10th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may apply to enroll in nonsectarian courses offered under subdivision 10, ~~if after all 11th and 12th grade students have applied for a course, additional students are necessary to offer the course~~ (1) the school district and the eligible postsecondary institution providing the course agree to the student's enrollment or (2) the course is a world language course currently available to 11th and 12th grade students, and consistent with section 120B.022 governing world language standards, certificates, and seals. If an institution accepts a secondary pupil for enrollment under this section, the institution shall send written notice to the pupil, the pupil's school or school district, and the commissioner within ten days of acceptance. The notice must indicate the course and hours of enrollment of that pupil. If the pupil enrolls in a course for postsecondary credit, the institution must notify the pupil about payment in the customary manner used by the institution.

Sec. 40. Minnesota Statutes 2014, section 124D.09, subdivision 5a, is amended to read:

Subd. 5a. **Authorization; career or technical education.** A 10th, 11th, or 12th grade pupil enrolled in a district or an American Indian-controlled tribal contract or grant school eligible for aid under section 124D.83, except a foreign exchange pupil enrolled in a district under a cultural exchange program, may enroll in a career or technical education course offered by a Minnesota

state college or university. A 10th grade pupil applying for enrollment in a career or technical education course under this subdivision must have received a passing score on the 8th grade Minnesota Comprehensive Assessment in reading as a condition of enrollment. A current 10th grade pupil who did not take the 8th grade Minnesota Comprehensive Assessment in reading may substitute another reading assessment accepted by the enrolling postsecondary institution. A secondary pupil may enroll in the pupil's first postsecondary options enrollment course under this subdivision. A student who is refused enrollment by a Minnesota state college or university under this subdivision may apply to an eligible institution offering a career or technical education course. The postsecondary institution must give priority to its students according to subdivision 9. If a secondary student receives a grade of "C" or better in the career or technical education course taken under this subdivision, the postsecondary institution must allow the student to take additional postsecondary courses for secondary credit at that institution, not to exceed the limits in subdivision 8. A "career or technical course" is a course that is part of a career and technical education program that provides individuals with coherent, rigorous content aligned with academic standards and relevant technical knowledge and skills needed to prepare for further education and careers in current and emerging professions and provide technical skill proficiency, an industry recognized credential, and a certificate, a diploma, or an associate degree.

Sec. 41. Minnesota Statutes 2014, section 124D.09, subdivision 8, is amended to read:

Subd. 8. **Limit on participation.** A pupil who first enrolls in grade 9 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of four academic years. A pupil who first enrolls in grade 10 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of three academic years. A pupil who first enrolls in grade 11 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of two academic years. A pupil who first enrolls in grade 12 may not enroll in postsecondary courses under this section for secondary credit for more than the equivalent of one academic year. If a pupil in grade 9, 10, 11, or 12 first enrolls in a postsecondary course for secondary credit during the school year, the time of participation shall be reduced proportionately. If a pupil is in a learning year or other year-round program and begins each grade in the summer session, summer sessions shall not be counted against the time of participation. If a school district determines a pupil is not on track to graduate, the limit on participation does not apply to that pupil. A pupil who has graduated from high school cannot participate in a program under this section. A pupil who has completed course requirements for graduation but who has not received a diploma may participate in the program under this section.

Sec. 42. Minnesota Statutes 2014, section 124D.09, subdivision 9, is amended to read:

Subd. 9. **Enrollment priority.** (a) A postsecondary institution shall give priority to its postsecondary students when enrolling 10th, 11th, and 12th grade pupils in its courses. A postsecondary institution may provide information about its programs to a secondary school or to a pupil or parent and it may advertise or otherwise recruit or solicit a secondary pupil to enroll in its programs on educational and programmatic grounds only except, notwithstanding other law to the contrary, and for the 2014-2015 through 2019-2020 school years only, an eligible postsecondary institution may advertise or otherwise recruit or solicit a secondary pupil residing in a school district with 700 students or more in grades 10, 11, and 12, to enroll in its programs on educational, programmatic, or financial grounds.

(b) An institution must not enroll secondary pupils, for postsecondary enrollment options purposes, in remedial, developmental, or other courses that are not college level except when a student eligible to participate and enrolled in the graduation incentives program under section 124D.68 enrolls full time in a middle or early college program. A middle or early college program must be specifically designed to allow the student to earn dual high school and college credit with a well-defined pathway to allow the student to earn a postsecondary degree or credential. In this case, the student shall receive developmental college credit and not college credit for completing remedial or developmental courses.

(c) Once a pupil has been enrolled in any postsecondary course under this section, the pupil shall not be displaced by another student.

~~(b)~~ (d) If a postsecondary institution enrolls a secondary school pupil in a course under this section, the postsecondary institution also must enroll in the same course an otherwise enrolled and qualified postsecondary student who qualifies as a veteran under section 197.447, and demonstrates to the postsecondary institution's satisfaction that the institution's established enrollment timelines were not practicable for that student.

Sec. 43. Minnesota Statutes 2014, section 124D.09, subdivision 12, is amended to read:

Subd. 12. **Credits.** A pupil must not audit a course under this section.

A district shall grant academic credit to a pupil enrolled in a course for secondary credit if the pupil successfully completes the course. Seven quarter or four semester college credits equal at least one full year of high school credit. Fewer college credits may be prorated. A district must also grant academic credit to a pupil enrolled in a course for postsecondary credit if secondary credit is requested by a pupil. If no comparable course is offered by the district, the district must, as soon as possible, notify the commissioner, who shall determine the number of credits that shall be granted to a pupil who successfully completes a course. If a comparable course is offered by the district, the school board shall grant a comparable number of credits to the pupil. If there is a dispute between the district and the pupil regarding the number of credits granted for a particular course, the pupil may appeal the board's decision to the commissioner. The commissioner's decision regarding the number of credits shall be final.

The secondary credits granted to a pupil must be counted toward the graduation requirements and subject area requirements of the district. Evidence of successful completion of each course and secondary credits granted must be included in the pupil's secondary school record. A pupil shall provide the school with a copy of the pupil's grade in each course taken for secondary credit under this section. Upon the request of a pupil, the pupil's secondary school record must also include evidence of successful completion and credits granted for a course taken for postsecondary credit. In either case, the record must indicate that the credits were earned at a postsecondary institution.

If a pupil enrolls in a postsecondary institution after leaving secondary school, the postsecondary institution must award postsecondary credit for any course successfully completed for secondary credit at that institution. Other postsecondary institutions may award, after a pupil leaves secondary school, postsecondary credit for any courses successfully completed under this section. An institution may not charge a pupil for the award of credit.

The Board of Trustees of the Minnesota State Colleges and Universities and the Board of Regents of the University of Minnesota must, and private nonprofit and proprietary postsecondary institutions should, award postsecondary credit for any successfully completed courses in a program

certified by the National Alliance of Concurrent Enrollment Partnerships offered according to an agreement under subdivision 10. Consistent with section 135A.101, subdivision 3, all MnSCU institutions must give full credit to a secondary pupil who completes for postsecondary credit a postsecondary course or program that is part or all of a goal area or a transfer curriculum at a MnSCU institution when the pupil enrolls in a MnSCU institution after leaving secondary school. Once one MnSCU institution certifies as completed a secondary student's postsecondary course or program that is part or all of a goal area or a transfer curriculum, every MnSCU institution must consider the student's course or program for that goal area or the transfer curriculum as completed.

**EFFECTIVE DATE.** This section is effective for the 2015-2016 school year and later.

Sec. 44. **[124D.231] FULL-SERVICE COMMUNITY SCHOOLS.**

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

(a) "Community organization" means a nonprofit organization that has been in existence for three years or more and serves persons within the community surrounding the covered school site on education and other issues.

(b) "Community school consortium" means a group of schools and community organizations that propose to work together to plan and implement community school programming.

(c) "Community school programming" means services, activities, and opportunities described under subdivision 2, paragraph (g).

(d) "High-quality child care or early childhood education programming" means educational programming for preschool-aged children that is grounded in research, consistent with best practices in the field, and provided by licensed teachers.

(e) "School site" means a school site at which an applicant has proposed or has been funded to provide community school programming.

(f) "Site coordinator" is an individual who is responsible for aligning programming with the needs of the school community identified in the baseline analysis.

Subd. 2. **Full-service community school program.** (a) The commissioner shall provide funding to eligible school sites to plan, implement, and improve full-service community schools. Eligible school sites must meet one of the following criteria:

(1) the school is on a development plan for continuous improvement under section 120B.35, subdivision 2; or

(2) the school is in a district that has an achievement and integration plan approved by the commissioner of education under sections 124D.861 and 124D.862.

(b) An eligible school site may receive up to \$100,000 annually. School sites receiving funding under this section shall hire or contract with a partner agency to hire a site coordinator to coordinate services at each covered school site.

(c) Implementation funding of up to \$20,000 must be available for up to one year for planning for school sites. At the end of this period, the school must submit a full-service community school plan, pursuant to paragraph (g).

(d) The commissioner shall dispense the funds to schools with significant populations of students receiving free or reduced-price lunches. Schools with significant homeless and highly mobile students shall also be a priority. The commissioner must also dispense the funds in a manner to ensure equity among urban, suburban, and greater Minnesota schools.

(e) A school site must establish a school leadership team responsible for developing school-specific programming goals, assessing program needs, and overseeing the process of implementing expanded programming at each covered site. The school leadership team shall have between 12 to 15 members and shall meet the following requirements:

(1) at least 30 percent of the members are parents and 30 percent of the members are teachers at the school site and must include the school principal and representatives from partner agencies; and

(2) the school leadership team must be responsible for overseeing the baseline analyses under paragraph (f). A school leadership team must have ongoing responsibility for monitoring the development and implementation of full service community school operations and programming at the school site and shall issue recommendations to schools on a regular basis and summarized in an annual report. These reports shall also be made available to the public at the school site and on school and district Web sites.

(f) School sites must complete a baseline analysis prior to beginning programming as a full-service community school. The analysis shall include:

(1) a baseline analysis of needs at the school site, led by the school leadership team, which shall include the following elements:

(i) identification of challenges facing the school;

(ii) analysis of the student body, including:

(A) number and percentage of students with disabilities and needs of these students;

(B) number and percentage of students who are English learners and the needs of these students;

(C) number of students who are homeless or highly mobile; and

(D) number and percentage of students receiving free or reduced-price lunch and the needs of these students; and

(iii) analysis of enrollment and retention rates for students with disabilities, English learners, homeless and highly mobile students, and students receiving free or reduced-price lunch;

(iv) analysis of suspension and expulsion data, including the justification for such disciplinary actions and the degree to which particular populations, including, but not limited to, students of color, students with disabilities, students who are English learners, and students receiving free or reduced-price lunch are represented among students subject to such actions;

(v) analysis of school achievement data disaggregated by major demographic categories, including, but not limited to, race, ethnicity, English learner status, disability status, and free or reduced-price lunch status;

(vi) analysis of current parent engagement strategies and their success; and

(vii) evaluation of the need for and availability of wraparound services, including, but not limited to:

(A) mechanisms for meeting students' social, emotional, and physical health needs, which may include coordination of existing services as well as the development of new services based on student needs; and

(B) strategies to create a safe and secure school environment and improve school climate and discipline, such as implementing a system of positive behavioral supports, and taking additional steps to eliminate bullying;

(2) a baseline analysis of community assets and a strategic plan for utilizing and aligning identified assets. This analysis should include, but is not limited to, a documentation of individuals in the community, faith-based organizations, community and neighborhood associations, colleges, hospitals, libraries, businesses, and social service agencies who may be able to provide support and resources; and

(3) a baseline analysis of needs in the community surrounding the school, led by the school leadership team, including, but not limited to:

(i) the need for high-quality, full-day child care and early childhood education programs;

(ii) the need for physical and mental health care services for children and adults; and

(iii) the need for job training and other adult education programming.

(g) Each school site receiving funding under this section must establish at least two of the following types of programming:

(1) early childhood:

(i) early childhood education; and

(ii) child care services;

(2) academic:

(i) academic support and enrichment activities, including expanded learning time;

(ii) summer or after-school enrichment and learning experiences;

(iii) job training, internship opportunities, and career counseling services;

(iv) programs that provide assistance to students who have been truant, suspended, or expelled;  
and

(v) specialized instructional support services;

(3) parental involvement:

(i) programs that promote parental involvement and family literacy, including the Reading First and Early Reading First programs authorized under part B of title I of the Elementary and Secondary Education Act of 1965, United States Code, title 20, section 6361, et seq.;

(ii) parent leadership development activities; and

- (iii) parenting education activities;
- (4) mental and physical health:
  - (i) mentoring and other youth development programs, including peer mentoring and conflict mediation;
  - (ii) juvenile crime prevention and rehabilitation programs;
  - (iii) home visitation services by teachers and other professionals;
  - (iv) developmentally appropriate physical education;
  - (v) nutrition services;
  - (vi) primary health and dental care; and
  - (vii) mental health counseling services;
- (5) community involvement:
  - (i) service and service-learning opportunities;
  - (ii) adult education, including instruction in English as a second language; and
  - (iii) homeless prevention services;
- (6) positive discipline practices; and
- (7) other programming designed to meet school and community needs identified in the baseline analysis and reflected in the full-service community school plan.
- (h) The school leadership team at each school site must develop a full-service community school plan detailing the steps the school leadership team will take, including:
  - (1) timely establishment and consistent operation of the school leadership team;
  - (2) maintenance of attendance records in all programming components;
  - (3) maintenance of measurable data showing annual participation and the impact of programming on the participating children and adults;
  - (4) documentation of meaningful and sustained collaboration between the school and community stakeholders, including local governmental units, civic engagement organizations, businesses, and social service providers;
  - (5) establishment and maintenance of partnerships with institutions, such as universities, hospitals, museums, or not-for-profit community organizations to further the development and implementation of community school programming;
  - (6) ensuring compliance with the district nondiscrimination policy; and
  - (7) plan for school leadership team development.

Subd. 3. Full-service community school review. (a) Every three years, a full-service community school site must submit to the commissioner, and make available at the school site and online, a report describing efforts to integrate community school programming at each covered

school site and the effect of the transition to a full-service community school on participating children and adults. This report shall include, but is not limited to, the following:

(1) an assessment of the effectiveness of the school site in development or implementing the community school plan;

(2) problems encountered in the design and execution of the community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;

(3) the operation of the school leadership team and its contribution to successful execution of the community school plan;

(4) recommendations for improving delivery of community school programming to students and families;

(5) the number and percentage of students receiving community school programming who had not previously been served;

(6) the number and percentage of nonstudent community members receiving community school programming who had not previously been served;

(7) improvement in retention among students who receive community school programming;

(8) improvement in academic achievement among students who receive community school programming;

(9) changes in student's readiness to enter school, active involvement in learning and in their community, physical, social and emotional health, and student's relationship with the school and community environment;

(10) an accounting of anticipated local budget savings, if any, resulting from the implementation of the program;

(11) improvements to the frequency or depth of families' involvement with their children's education;

(12) assessment of community stakeholder satisfaction;

(13) assessment of institutional partner satisfaction;

(14) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(15) increases in access to services for students and their families; and

(16) the degree of increased collaboration among participating agencies and private partners.

(b) Reports submitted under this section shall be evaluated by the commissioner with respect to the following criteria:

(1) the effectiveness of the school or the community school consortium in implementing the full-service community school plan, including the degree to which the school site navigated difficulties encountered in the design and operation of the full-service community school plan, including identification of any federal, state, or local statute or regulation impeding program implementation;

(2) the extent to which the project has produced lessons about ways to improve delivery of community school programming to students;

(3) the degree to which there has been an increase in the number or percentage of students and nonstudents receiving community school programming;

(4) the degree to which there has been an improvement in retention of students and improvement in academic achievement among students receiving community school programming;

(5) local budget savings, if any, resulting from the implementation of the program;

(6) the degree of community stakeholder and institutional partner engagement;

(7) the ability, or anticipated ability, of the school site and partners to continue to provide services in the absence of future funding under this section;

(8) increases in access to services for students and their families; and

(9) the degree of increased collaboration among participating agencies and private partners.

Sec. 45. Minnesota Statutes 2014, section 124D.73, subdivision 3, is amended to read:

Subd. 3. ~~Advisory task force~~ **Tribal Nations Education Committee.** ~~"Advisory task force"~~ "Tribal Nations Education Committee" means the ~~state advisory task force committee established through tribal directive that the commissioner consults with on~~ American Indian education programs, policy, and all matters related to educating Minnesota's American Indian students.

Sec. 46. Minnesota Statutes 2014, section 124D.73, subdivision 4, is amended to read:

Subd. 4. **Participating school; American Indian school.** "Participating school" and "American Indian school" mean a school that:

(1) is not operated by a school district; and

(2) is eligible for a grant under ~~federal Title IV of the Indian~~ VII of the Elementary and Secondary Education Act for the education of American Indian children.

Sec. 47. Minnesota Statutes 2014, section 124D.74, subdivision 1, is amended to read:

Subdivision 1. **Program described.** American Indian education programs are programs in public elementary and secondary schools, nonsectarian nonpublic, community, tribal, charter, or alternative schools enrolling American Indian children designed to:

(1) support postsecondary preparation for pupils;

(2) support the academic achievement of American Indian students ~~with identified focus to improve reading and mathematic skills;~~

(3) make the curriculum ~~more~~ relevant to the needs, interests, and cultural heritage of American Indian pupils;

(4) provide positive reinforcement of the self-image of American Indian pupils;

(5) develop intercultural awareness among pupils, parents, and staff; and

(6) supplement, not supplant, state and federal educational and cocurricular programs.

~~Program components may include: development of support components for students in the areas of services designed to increase completion and graduation rates of American Indian students must emphasize academic achievement, retention, and attendance; development of support components services for staff, including in-service training and technical assistance in methods of teaching American Indian pupils; research projects, including experimentation with innovative teaching approaches and evaluation of methods of relating to American Indian pupils; provision of personal and vocational career counseling to American Indian pupils; modification of curriculum, instructional methods, and administrative procedures to meet the needs of American Indian pupils; and supplemental instruction in American Indian language, literature, history, and culture. Districts offering programs may make contracts for the provision of program components services by establishing cooperative liaisons with tribal programs and American Indian social service agencies. These programs may also be provided as components of early childhood and family education programs.~~

Sec. 48. Minnesota Statutes 2014, section 124D.74, subdivision 6, is amended to read:

Subd. 6. **Nonverbal courses and extracurricular activities.** In predominantly nonverbal subjects, such as art, music, and physical education, American Indian children shall participate fully and on an equal basis with their ~~contemporaries~~ peers in school classes provided for these subjects. Every school district or participating school shall ensure to children enrolled in American Indian education programs an equal and meaningful opportunity to participate fully with other children in all extracurricular activities. This subdivision shall not be construed to prohibit instruction in nonverbal subjects or extracurricular activities which relate to the cultural heritage of the American Indian children, or which are otherwise necessary to accomplish the objectives described in sections 124D.71 to 124D.82.

Sec. 49. Minnesota Statutes 2014, section 124D.75, subdivision 1, is amended to read:

Subdivision 1. **American Indian language and culture education licenses.** The Board of Teaching, ~~in consultation with the Tribal Nations Education Committee,~~ must grant initial and continuing teaching licenses in American Indian language and culture education that bear the same duration as other initial and continuing licenses. The board must grant licenses to persons who present satisfactory evidence that they:

(1) possess competence in an American Indian language or possess unique qualifications relative to or knowledge and understanding of American Indian history and culture; or

(2) possess a bachelor's degree or other academic degree approved by the board or meet such requirements as to course of study and training as the board may prescribe, or possess such relevant experience as the board may prescribe.

This evidence may be presented by affidavits, tribal resolutions, or by such other methods as the board may prescribe. Individuals may present applications for licensure on their own behalf or these applications may be submitted by the superintendent or other authorized official of a school district, participating school, or an American Indian school.

Sec. 50. Minnesota Statutes 2014, section 124D.75, subdivision 3, is amended to read:

Subd. 3. **Resolution or letter.** All persons applying for a license under this section must submit to the board a resolution or letter of support signed by an American Indian tribal government ~~or its designee.~~ All persons holding a license under this section ~~on July 1, 1995,~~ must have on file or

file with the board a resolution or letter of support signed by a tribal government or its designee by ~~January 1, 1996, or the next renewal date of the license thereafter.~~

Sec. 51. Minnesota Statutes 2014, section 124D.75, subdivision 9, is amended to read:

Subd. 9. **Affirmative efforts in hiring.** In hiring for all positions in these programs, school districts and participating schools shall give preference to and make affirmative efforts to seek, recruit, and employ persons who share the culture of the American Indian children who are enrolled in the program. The district or participating school ~~shall~~ must provide procedures for the involvement of the parent advisory committees in ~~designing the procedures for~~ the recruitment, screening and selection of applicants. This subdivision shall not be construed to limit the school board's authority to hire and discharge personnel.

Sec. 52. Minnesota Statutes 2014, section 124D.76, is amended to read:

**124D.76 TEACHERS—AIDES; COMMUNITY COORDINATORS, INDIAN HOME/SCHOOL LIAISONS, PARAPROFESSIONALS.**

In addition to employing American Indian language and culture education teachers, each district or participating school providing programs pursuant to sections 124D.71 to 124D.82 may employ ~~teachers'-aides~~ paraprofessionals. ~~Teachers'-aides~~ Paraprofessionals must not be employed for the purpose of supplanting American Indian language and culture education teachers.

Any district or participating school which conducts American Indian education programs pursuant to sections 124D.71 to 124D.82 must employ one or more full-time or part-time community coordinators or Indian home/school liaisons if there are 100 or more American Indian students enrolled in the program district. Community coordinators shall promote communication understanding, and cooperation between the schools and the community and shall visit the homes of children who are to be enrolled in an American Indian education program in order to convey information about the program.

Sec. 53. Minnesota Statutes 2014, section 124D.78, is amended to read:

**124D.78 PARENT AND COMMUNITY PARTICIPATION.**

Subdivision 1. **Parent committee.** School boards and American Indian schools must provide for the maximum involvement of parents of children enrolled in education programs, programs for elementary and secondary grades, special education programs, and support services. Accordingly, the board of a school district in which there are ten or more American Indian children students enrolled and each American Indian school must establish a an American Indian education parent advisory committee. If a committee whose membership consists of a majority of parents of American Indian children has been or is established according to federal, tribal, or other state law, that committee may serve as the committee required by this section and is subject to, at least, the requirements of this subdivision and subdivision 2.

The American Indian education parent advisory committee must develop its recommendations in consultation with the curriculum advisory committee required by section 120B.11, subdivision 3. This committee must afford parents the necessary information and the opportunity effectively to express their views concerning all aspects of American Indian education and the educational needs of the American Indian children enrolled in the school or program. ~~The committee must also address the need for adult education programs for American Indian people in the community. The school~~

board or American Indian school must ensure that programs are planned, operated, and evaluated with the involvement of and in consultation with parents of ~~children~~ students served by the programs.

Subd. 2. **Resolution of concurrence.** Prior to ~~December~~ March 1, the school board or American Indian school must submit to the department a copy of a resolution adopted by the American Indian education parent advisory committee. The copy must be signed by the chair of the committee and must state whether the committee concurs with the educational programs for American Indian ~~children~~ students offered by the school board or American Indian school. If the committee does not concur with the educational programs, the reasons for nonconcurrence and recommendations shall be submitted with the resolution. By resolution, the board must respond in writing within 60 days, in cases of nonconcurrence, to each recommendation made by the committee and state its reasons for not implementing the recommendations.

Subd. 3. **Membership.** The American Indian education parent advisory committee must be composed of parents of children eligible to be enrolled in American Indian education programs; secondary students eligible to be served; American Indian language and culture education teachers and aides paraprofessionals; American Indian teachers; counselors; adult American Indian people enrolled in educational programs; and representatives from community groups. A majority of each committee must be parents of children enrolled or eligible to be enrolled in the programs. The number of parents of American Indian and non-American Indian children shall reflect approximately the proportion of children of those groups enrolled in the programs.

Subd. 4. **Alternate committee.** If the organizational membership or the board of directors of an American Indian school consists of parents of children attending the school, that membership or board may serve also as the American Indian education parent advisory committee.

Sec. 54. Minnesota Statutes 2014, section 124D.79, subdivision 1, is amended to read:

Subdivision 1. **American Indian community involvement.** The commissioner must provide for the maximum involvement of the ~~state committees on American Indian education Tribal Nations Education Committee~~, parents of American Indian children, secondary students eligible to be served, American Indian language and culture education teachers, American Indian teachers, ~~teachers'~~ aides paraprofessionals, representatives of community groups, and persons knowledgeable in the field of American Indian education, in the formulation of policy and procedures relating to the administration of sections 124D.71 to 124D.82. The commissioner must annually hold a field hearing on Indian education to gather input from American Indian educators, parents, and students on the state of American Indian education in Minnesota. Results of the hearing must be made available to all 11 tribal nations for review and comment.

Sec. 55. Minnesota Statutes 2014, section 124D.79, subdivision 2, is amended to read:

Subd. 2. **Technical assistance.** The commissioner shall provide technical assistance to districts, schools and postsecondary institutions for preservice and in-service training for teachers, American Indian education teachers and ~~teacher's aides~~, paraprofessionals specifically designed to implement culturally responsive teaching methods, culturally based curriculum development, testing and testing mechanisms, and the development of materials for American Indian education programs.

Sec. 56. Minnesota Statutes 2014, section 124D.791, subdivision 4, is amended to read:

Subd. 4. **Duties; powers.** The Indian education director shall:

(1) serve as the liaison for the department with the Tribal Nations Education Committee, the 11 ~~reservations~~ tribal communities in Minnesota, the Minnesota Chippewa tribe, and the Minnesota Indian Affairs Council, ~~and the Urban Advisory Council~~;

(2) evaluate the state of American Indian education in Minnesota;

(3) engage the tribal bodies, community groups, parents of children eligible to be served by American Indian education programs, American Indian administrators and teachers, persons experienced in the training of teachers for American Indian education programs, the tribally controlled schools, and other persons knowledgeable in the field of American Indian education and seek their advice on policies that can improve the quality of American Indian education;

(4) advise the commissioner on American Indian education issues, including:

(i) issues facing American Indian students;

(ii) policies for American Indian education;

(iii) awarding scholarships to eligible American Indian students and in administering the commissioner's duties regarding awarding of American Indian ~~postsecondary preparation~~ education grants to school districts; and

(iv) administration of the commissioner's duties under sections 124D.71 to 124D.82 and other programs for the education of American Indian people;

(5) propose to the commissioner legislative changes that will improve the quality of American Indian education;

(6) develop a strategic plan and a long-term framework for American Indian education, in conjunction with the Minnesota Indian Affairs Council, that is updated every five years and implemented by the commissioner, with goals to:

(i) increase American Indian student achievement, including increased levels of proficiency and growth on statewide accountability assessments;

(ii) increase the number of American Indian teachers in public schools;

(iii) close the achievement gap between American Indian students and their more advantaged peers;

(iv) increase the statewide graduation rate for American Indian students; and

(v) increase American Indian student placement in postsecondary programs and the workforce; and

(7) keep the American Indian community informed about the work of the department by reporting to the Tribal Nations Education Committee at each committee meeting.

Sec. 57. Minnesota Statutes 2014, section 124D.81, is amended to read:

**124D.81 CONTINUATION OF AMERICAN INDIAN EDUCATION GRANTS AID.**

Subdivision 1. **Grants; Procedures.** Each fiscal year the commissioner of education must make grants to no fewer than six American Indian education programs. At least three programs must be in urban areas and at least three must be on or near reservations. The board of a local

~~district, a participating school or a group of boards may develop a proposal for grants in support of American Indian education programs. Proposals~~ A school district, charter school, or American Indian-controlled tribal contract or grant school enrolling at least 20 American Indian students on October 1 of the previous school year, receiving federal Title 7 funding, and operating an American Indian education program according to section 124D.74 is eligible for Indian education aid if it meets the requirements of this section. Programs may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal, charter, or alternative schools. The commissioner shall prescribe the form and manner of application for ~~grants~~ aids, and no ~~grant~~ aid shall be made for a ~~proposal~~ program not complying with the requirements of sections 124D.71 to 124D.82.

Subd. 2. **Plans.** ~~Each~~ To qualify for aid, an eligible district, charter school, or participating tribal contract school submitting a proposal under subdivision 1 must develop and submit with the ~~proposal~~ a plan for approval by the Indian education director which that shall:

- (a) Identify the measures to be used to meet the requirements of sections 124D.71 to 124D.82;
- (b) Identify the activities, methods and programs to meet the identified educational needs of the children to be enrolled in the program;
- (c) Describe how district goals and objectives as well as the objectives of sections 124D.71 to 124D.82 are to be achieved;
- (d) Demonstrate that required and elective courses as structured do not have a discriminatory effect within the meaning of section 124D.74, subdivision 5;
- (e) Describe how each school program will be organized, staffed, coordinated, and monitored; and
- (f) Project expenditures for programs under sections 124D.71 to 124D.82.

Subd. 2a. **American Indian education aid.** (a) The American Indian education aid for an eligible district or tribal contract school equals the greater of (1) the sum of \$20,000 plus the product of \$63 times the difference between the number of American Indian students enrolled on October 1 of the previous school year and 20; or (2) if the district or school received a grant under this section for fiscal year 2015, the amount of the grant for fiscal year 2015.

(b) Notwithstanding paragraph (a), the American Indian education aid must not exceed the district or tribal contract school's actual expenditure according to the approved plan under subdivision 2.

Subd. 3. **Additional requirements.** Each district receiving a ~~grant~~ aid under this section must each year conduct a count of American Indian children in the schools of the district; test for achievement; identify the extent of other educational needs of the children to be enrolled in the American Indian education program; and classify the American Indian children by grade, level of educational attainment, age and achievement. Participating schools must maintain records concerning the needs and achievements of American Indian children served.

Subd. 4. **Nondiscrimination; testing.** In accordance with recognized professional standards, all testing and evaluation materials and procedures utilized for the identification, testing, assessment, and classification of American Indian children must be selected and administered so as not to

be racially or culturally discriminatory and must be valid for the purpose of identifying, testing, assessing, and classifying American Indian children.

Subd. 5. **Records.** Participating schools and districts must keep records and afford access to them as the commissioner finds necessary to ensure that American Indian education programs are implemented in conformity with sections 124D.71 to 124D.82. Each school district or participating school must keep accurate, detailed, and separate revenue and expenditure accounts for pilot American Indian education programs funded under this section.

Subd. 6. **Money from other sources.** A district or participating school providing American Indian education programs shall be eligible to receive moneys for these programs from other government agencies and from private sources when the moneys are available.

Subd. 7. **Exceptions.** Nothing in sections 124D.71 to 124D.82 shall be construed as prohibiting a district or school from implementing an American Indian education program which is not in compliance with sections 124D.71 to 124D.82 if the proposal and plan for that program is not funded pursuant to this section.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016 and later.

Sec. 58. Minnesota Statutes 2014, section 124D.98, is amended to read:

**124D.98 LITERACY INCENTIVE AID.**

Subdivision 1. **Literacy incentive aid.** ~~In fiscal year 2013 and later,~~ A district's literacy incentive aid equals the sum of the proficiency aid under subdivision 2, and the growth aid under subdivision 3.

Subd. 2. **Proficiency aid.** ~~In fiscal year 2013 and later,~~ The proficiency aid for each school in a district that has submitted to the commissioner its local literacy plan under section 120B.12, subdivision 4a, is equal to the product of the school's proficiency allowance times the number of third grade pupils at the school on October 1 of the previous fiscal year. A school's proficiency allowance is equal to the percentage of students in each building that meet or exceed proficiency on the third grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times \$530.

Subd. 3. **Growth aid.** ~~In fiscal year 2013 and later,~~ The growth aid for each school in a district that has submitted to the commissioner its local literacy plan under section 120B.12, subdivision 4a, is equal to the product of the school's growth allowance times the number of fourth grade pupils enrolled at the school on October 1 of the previous fiscal year. A school's growth allowance is equal to the percentage of students at that school making medium or high growth, under section 120B.299, on the fourth grade reading Minnesota Comprehensive Assessment, averaged across the previous three test administrations, times \$530.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 59. Minnesota Statutes 2014, section 126C.15, subdivision 1, is amended to read:

Subdivision 1. **Use of revenue.** The basic skills revenue under section 126C.10, subdivision 4, must be reserved and used to meet the educational needs of pupils who enroll under-prepared to learn and whose progress toward meeting state or local content or performance standards is below the level that is appropriate for learners of their age. Basic skills revenue may also be used for programs

designed to prepare children and their families for entry into school whether the student first enrolls in kindergarten or first grade. Any of the following may be provided to meet these learners' needs:

(1) direct instructional services under the assurance of mastery program according to section 124D.66;

(2) remedial instruction in reading, language arts, mathematics, other content areas, or study skills to improve the achievement level of these learners;

(3) additional teachers and teacher aides to provide more individualized instruction to these learners through individual tutoring, lower instructor-to-learner ratios, or team teaching;

(4) a longer school day or week during the regular school year or through a summer program that may be offered directly by the site or under a performance-based contract with a community-based organization;

(5) comprehensive and ongoing staff development consistent with district and site plans according to section 122A.60 and to implement plans under section 120B.12, subdivision 4a, for teachers, teacher aides, principals, and other personnel to improve their ability to identify the needs of these learners and provide appropriate remediation, intervention, accommodations, or modifications;

(6) instructional materials, digital learning, and technology appropriate for meeting the individual needs of these learners;

(7) programs to reduce truancy, encourage completion of high school, enhance self-concept, provide health services, provide nutrition services, provide a safe and secure learning environment, provide coordination for pupils receiving services from other governmental agencies, provide psychological services to determine the level of social, emotional, cognitive, and intellectual development, and provide counseling services, guidance services, and social work services;

(8) bilingual programs, bicultural programs, and programs for English learners;

(9) all-day kindergarten;

(10) early education programs, parent-training programs, school readiness programs, kindergarten programs for four-year-olds, voluntary home visits under section 124D.13, subdivision 4, and other outreach efforts designed to prepare children for kindergarten;

(11) extended school day and extended school year programs; and

(12) substantial parent involvement in developing and implementing remedial education or intervention plans for a learner, including learning contracts between the school, the learner, and the parent that establish achievement goals and responsibilities of the learner and the learner's parent or guardian.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 60. Minnesota Statutes 2014, section 135A.101, is amended by adding a subdivision to read:

**Subd. 3. Minnesota transfer curriculum.** Notwithstanding section 135A.08 or other law to the contrary, all MnSCU institutions must give full credit to a secondary pupil who completes for postsecondary credit a postsecondary course or program that is part or all of a goal area or

a transfer curriculum at a MnSCU institution when the pupil enrolls in a MnSCU institution after leaving secondary school. Once one MnSCU institution certifies as completed a secondary student's postsecondary course or program that is part or all of a goal area or a transfer curriculum, every MnSCU institution must consider the student's course or program for that goal area or the transfer curriculum as completed.

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

Sec. 61. Laws 2013, chapter 116, article 3, section 35, subdivision 2, is amended to read:

Subd. 2. **Achievement and integration levy.** For fiscal year 2014 only, a district's achievement and integration levy equals the lesser of the district's achievement and integration revenue for that year or the amount the district was authorized to levy under Laws 2011, First Special Session chapter 11, article 2, section 49, paragraph (f).

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

Sec. 62. Laws 2014, chapter 312, article 16, section 15, is amended to read:

Sec. 15. **TEACHER DEVELOPMENT AND EVALUATION REVENUE.**

(a) For fiscal year 2015 only, teacher development and evaluation revenue for a school district, intermediate school district, educational cooperative, education district, or charter school with any school site that does not have an alternative professional pay system agreement under Minnesota Statutes, section 122A.414, subdivision 2, equals \$302 times the number of full-time equivalent teachers employed on October 1 of the previous school year in each school site without an alternative professional pay system under Minnesota Statutes, section 122A.414, subdivision 2. Except for charter schools, revenue under this section must be reserved for teacher development and evaluation activities consistent with Minnesota Statutes, section 122A.40, subdivision 8, or Minnesota Statutes, section 122A.41, subdivision 5. For the purposes of this section, "teacher" has the meaning given it in Minnesota Statutes, section 122A.40, subdivision 1, or Minnesota Statutes, section 122A.41, subdivision 1.

(b) Notwithstanding paragraph (a), the state total teacher development and evaluation revenue entitlement must not exceed ~~\$10,000,000~~ \$10,022,000 for fiscal year 2015. The commissioner must limit the amount of revenue under this section so as not to exceed this limit.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

Sec. 63. Laws 2014, chapter 312, article 16, section 16, subdivision 7, is amended to read:

Subd. 7. **Teacher development and evaluation.** For teacher development and evaluation revenue.

	<del>9,000,000</del>		
\$	<u>9,020,000</u>	.....	2015

The 2015 appropriation includes \$0 for 2014 and ~~\$9,000,000~~ \$9,020,000 for 2015. This is a onetime appropriation and is available until ~~expended~~ the end of fiscal year 2017.

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

Sec. 64. **TRANSFER CURRICULUM REPORT.**

By February 1, 2016, the chancellor of the Minnesota State Colleges and Universities must prepare and submit to the K-12 and higher education committees of the legislature a report describing the implementation of the transfer curriculum policy for postsecondary enrollment options program students under Minnesota Statutes, sections 124D.09, subdivision 12, and 135A.101, subdivision 3, and how to standardize Advanced Placement, International Baccalaureate, and college-level exam program course equivalencies across all state colleges and universities.

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

**Sec. 65. EXAMINING AND DEVELOPING STATEWIDE SWIMMING RESOURCES.**

(a) The commissioner of education must use existing budgetary resources to inventory and report to the education committees of the legislature by February 1, 2016, on the extent of existing resources and best practices available for swimming instruction in Minnesota public schools.

(b) The commissioner of education must establish a work group of interested stakeholders, including the commissioner or commissioner's designee, the commissioner of health or the commissioner's designee, and representatives of K-12 physical education teachers, K-12 school administrators, the Minnesota school boards association, nonprofit fitness and recreational organizations, public parks and recreation departments, and other stakeholders, including community members underserved and disproportionately impacted by the current distribution of swimming resources, interested in swimming instruction and activities identified by the commissioner of education, to determine and report to the education committees of the legislature by February 1, 2016, on the curriculum, resources, personnel, and other costs needed to make swimming instruction available in all Minnesota public schools for children beginning at an early age. The work group must consider the substance of the report under paragraph (a) in preparing its report.

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

**Sec. 66. SCHOOL START DATE FOR THE 2015-2016 SCHOOL YEAR ONLY.**

Notwithstanding Minnesota Statutes, section 120A.40, or other law to the contrary, for the 2015-2016 school year only, school districts may begin the school year on September 1.

**EFFECTIVE DATE.** This section is effective the day following final enactment for the 2015-2016 school year only.

**Sec. 67. DEVELOPMENTAL COURSE TAKING; REPORT.**

The commissioner of education, in consultation with the commissioner of the Office of Higher Education, the chancellor of the Minnesota State Colleges and Universities, and the president of the University of Minnesota, shall collect and report the following information to the legislature by January 1, 2016:

(1) the tuition costs incurred by students enrolled in noncredit-bearing college courses at the University of Minnesota and the Minnesota State Colleges and Universities for developmental or remedial purposes for the 2014-2015 and preceding four school years; and

(2) for the same time period, the Minnesota high schools who graduated the students in clause (1), the aggregate number of students from each high school in clause (1), and the tuition cost under clause (1) for students from each high school.

Sec. 68. **RECOMMENDATIONS ON SERVICE-LEARNING.**

The Board of Teaching may make recommendations to the legislature on teacher preparation and licensure requirements in the area of service-learning, consistent with Minnesota Statutes, section 124D.50, and the definition of service-learning in the federal National and Community Service Act, as amended, and submit the recommendations to the legislature by February 15, 2016. The board must consult with representatives of teacher preparation programs and institutions, school-based and community-based service-learning practitioners and experts, licensed teachers, students with service-learning experience, and other interested stakeholders in developing the recommendations.

Sec. 69. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

\$	<u>78,331,000</u>	.....	<u>2016</u>
\$	<u>87,147,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$7,766,000 for 2015 and \$70,565,000 for 2016.

The 2017 appropriation includes \$7,840,000 for 2016 and \$79,307,000 for 2017.

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	<u>65,539,000</u>	.....	<u>2016</u>
\$	<u>68,745,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$6,382,000 for 2015 and \$59,157,000 for 2016.

The 2017 appropriation includes \$6,573,000 for 2016 and \$62,172,000 for 2017.

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	<u>44,552,000</u>	.....	<u>2016</u>
\$	<u>45,508,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$4,683,000 for 2015 and \$39,869,000 for 2016.

The 2017 appropriation includes \$4,429,000 for 2016 and \$41,079,000 for 2017.

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	<u>15,023,000</u>	.....	<u>2016</u>
\$	<u>15,825,000</u>	.....	<u>2017</u>

Subd. 6. **Reading Corps.** For grants to serve Minnesota for the Minnesota Reading Corps under Minnesota Statutes, section 124D.42, subdivision 8:

\$	<u>6,125,000</u>	.....	<u>2016</u>
\$	<u>6,125,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 7. **Tribal contract schools.** For tribal contract school aid under Minnesota Statutes, section 124D.83:

\$	<u>2,157,000</u>	.....	<u>2016</u>
\$	<u>2,273,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$204,000 for 2015 and \$1,953,000 for 2016.

The 2017 appropriation includes \$216,000 for 2016 and \$2,057,000 for 2017.

Subd. 8. **Compensatory revenue pilot program.** For grants for participation in the compensatory revenue pilot program under Laws 2005, First Special Session chapter 5, article 1, section 50, as amended by Laws 2007, chapter 146, article 1, section 21:

\$	<u>2,325,000</u>	.....	<u>2016</u>
\$	<u>2,325,000</u>	.....	<u>2017</u>

(a) In fiscal years 2016 and 2017, grants shall be awarded in the following amounts: \$1,500,000 is for a grant to Independent School District No. 11, Anoka-Hennepin; \$75,000 is for a grant to Independent School District No. 286, Brooklyn Center; \$210,000 is for a grant to Independent School District No. 279, Osseo; \$160,000 is for a grant to Independent School District No. 281, Robbinsdale; \$165,000 is for a grant to Independent School District No. 535, Rochester; \$65,000 is for a grant to Independent School District No. 833, South Washington; and \$150,000 is for a grant to Independent School District No. 241, Albert Lea. If a grant to a specific school district is not awarded, the commissioner may increase the aid amounts to any of the remaining participating school districts.

(b) The commissioner of education must submit a report by February 15, 2016, to the education committees of the legislature evaluating the effectiveness of the pilot program.

Subd. 9. **Concurrent enrollment program.** For concurrent enrollment programs under Minnesota Statutes, section 124D.091:

\$	<u>\$4,000,000</u>	.....	<u>2016</u>
\$	<u>\$4,000,000</u>	.....	<u>2017</u>

If the appropriation is insufficient, the commissioner must proportionately reduce the aid payment to each district.

Any balance in the first year does not cancel but is available in the second year.

Subd. 10. **Success for the future.** For American Indian success for the future grants under Minnesota Statutes, section 124D.81:

\$	<u>213,000</u>	.....	<u>2016</u>
\$	<u>0</u>	.....	<u>2017</u>

The 2016 appropriation includes \$213,000 for 2015 and \$0 for 2016.

Subd. 11. **American Indian education aid.** For American Indian education aid under Minnesota Statutes, section 124D.81, subdivision 2a:

\$	<u>3,513,000</u>	.....	<u>2016</u>
\$	<u>3,726,000</u>	.....	<u>2017</u>

Subd. 12. **Collaborative urban educator.** For the collaborative urban educator grant program:

\$	<u>780,000</u>	.....	<u>2016</u>
\$	<u>780,000</u>	.....	<u>2017</u>

Grants shall be awarded in equal amounts: \$195,000 each year is for the Southeast Asian teacher program at Concordia University, St. Paul; \$195,000 each year is for the collaborative urban educator program at the University of St. Thomas; \$195,000 each year is for the Center for Excellence in Urban Teaching at Hamline University; and \$195,00 each year is for the East Africa Student to Teacher program at Augsburg College.

Any balance in the first year does not cancel but is available in the second year.

Each institution shall prepare for the legislature, by January 15 of each year, a detailed report regarding the funds used. The report must include the number of teachers prepared as well as the diversity for each cohort of teachers produced.

Subd. 13. **ServeMinnesota program.** For funding ServeMinnesota programs under Minnesota Statutes, sections 124D.37 to 124D.45:

\$	<u>900,000</u>	.....	<u>2016</u>
\$	<u>900,000</u>	.....	<u>2017</u>

A grantee organization may provide health and child care coverage to the dependents of each participant enrolled in a full-time ServeMinnesota program to the extent such coverage is not otherwise available.

Subd. 14. **Student organizations.** For student organizations:

\$	<u>725,000</u>	.....	<u>2016</u>
\$	<u>725,000</u>	.....	<u>2017</u>

\$46,000 each year is for student organizations serving health occupations (HOSA).

\$100,000 each year is for student organizations serving trade and industry occupations (Skills USA, secondary and postsecondary).

\$95,000 each year is for student organizations serving business occupations (BPA, secondary and postsecondary).

\$193,000 each year is for student organizations serving agriculture occupations (FFA, PAS).

\$142,000 each year is for student organizations serving family and consumer science occupations (FCCLA).

\$109,000 each year is for student organizations serving marketing occupations (DECA and DECA collegiate).

\$40,000 each year is for the Minnesota Foundation for Student Organizations.

Any balance in the first year does not cancel but is available in the second year.

Subd. 15. **Museums and Education Centers.** For grants to museums and education centers:

\$	<u>351,000</u>	.....	<u>2016</u>
\$	<u>351,000</u>	.....	<u>2017</u>

(a) \$260,000 each year is for the Minnesota Children's Museum.

(b) \$50,000 each year is for the Duluth Children's Museum.

(c) \$41,000 each year is for the Minnesota Academy of Science.

Any balance in the first year does not cancel but is available in the second year.

Subd. 16. **Teacher development and evaluation.** For teacher development and evaluation revenue:

\$	<u>1,002,000</u>	.....	<u>2016</u>
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The 2016 appropriation includes \$1,002,000 for 2016 and \$0 for 2017. This is a onetime appropriation and is available in the second year.

Subd. 17. **Starbase MN.** For a grant to Starbase MN for rigorous science, technology, engineering, and math (STEM) program providing students in grades 4 to 6 with a multisensory learning experience and a hands-on curriculum in an aerospace environment using state-of-the-art technology:

\$	<u>924,000</u>	.....	<u>2016</u>
\$	<u>-0-</u>	.....	<u>2017</u>

This appropriation does not cancel but is available in the second year of the biennium.

The base appropriation for this appropriation in fiscal year 2018 is \$500,000.

All unspent funds, estimated at \$924,000 from the Starbase appropriation under Laws 2013, chapter 116, article 3, section 37, subdivision 22, are canceled to the general fund on June 30, 2015.

Subd. 18. **Recovery program grants.** For recovery program grants under Minnesota Statutes, section 124D.695:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>500,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel and is available in the second year.

Subd. 19. **Full-service community schools.** For full-service community schools under Minnesota Statutes, section 124D.231:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year.

Subd. 20. **Minnesota math corps program.** For the Minnesota math corps program under Minnesota Statutes, section 124D.42, subdivision 9:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

Any unexpended balance in the first year does not cancel but is available in the second year.

Subd. 21. **American Indian teacher preparation grants.** For joint grants to assist American Indian people to become teachers under Minnesota Statutes, section 122A.63:

\$	<u>190,000</u>	.....	<u>2016</u>
\$	<u>190,000</u>	.....	<u>2017</u>

Subd. 22. **Civic education grants.** For grants to the Minnesota Civic Education Coalition, Kids Voting St. Paul, Learning Law and Democracy Foundation, and YMCA Youth in Government to provide civic education programs for Minnesota youth age 18 and younger. Civic education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions, and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

\$	<u>125,000</u>	.....	<u>2016</u>
\$	<u>125,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 23. **Minnesota Principals' Academy.** For a grant to the University of Minnesota College of Education and Human Development, for the operation of the Minnesota Principals' Academy:

\$	<u>150,000</u>	.....	<u>2016</u>
\$	<u>150,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 24. **Race 2 Reduce.** For grants to support expanded Race 2 Reduce water conservation programming in Minnesota schools:

\$	<u>81,000</u>	.....	<u>2016</u>
\$	<u>69,000</u>	.....	<u>2017</u>

In the first year, \$28,000 is for H2O for Life; \$38,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi. In the second year, \$32,000 is for H2O for Life; \$22,000 is for Independent School District No. 624, White Bear Lake; and \$15,000 is for Independent School District No. 832, Mahtomedi.

Any balance in the first year does not cancel but is available in the second year. The base appropriation for fiscal year 2018 and later is \$0.

Subd. 25. **Northwestern Online College in the High School program.** For the Northwestern Online College in the High School program:

\$	<u>50,000</u>	.....	<u>2016</u>
\$	<u>50,000</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance from the first year may carry forward into the second year.

### ARTICLE 3

#### STANDARDS AND ASSESSMENTS

Section 1. Minnesota Statutes 2014, section 120B.02, subdivision 2, is amended to read:

Subd. 2. **Graduation requirements.** To graduate from high school, students must demonstrate to their enrolling school district or school their satisfactory completion of the credit requirements under section 120B.024 and their understanding of academic standards ~~on a nationally normed college entrance exam~~. A school district must adopt graduation requirements that meet or exceed state graduation requirements established in law or rule.

**EFFECTIVE DATE.** This section is effective and applies to students entering grade 8 in the 2012-2013 school year and later.

Sec. 2. Minnesota Statutes 2014, section 120B.021, subdivision 4, is amended to read:

Subd. 4. **Revisions and reviews required.** (a) The commissioner of education must revise and appropriately embed technology and information literacy standards consistent with recommendations from school media specialists into the state's academic standards and graduation requirements and implement a ten-year cycle to review and, consistent with the review, revise state academic standards and related benchmarks, consistent with this subdivision. During each ten-year review and revision cycle, the commissioner also must examine the alignment of each required academic standard and related benchmark with the knowledge and skills students need for career and college readiness and advanced work in the particular subject area. The commissioner must include the contributions of Minnesota American Indian tribes and communities as related to the academic standards during the review and revision of the required academic standards.

(b) The commissioner must ensure that the statewide mathematics assessments administered to students in grades 3 through 8 and 11 are aligned with the state academic standards in mathematics, consistent with section 120B.30, subdivision 1, paragraph (b). The commissioner must implement a review of the academic standards and related benchmarks in mathematics beginning in the ~~2015-2016~~ 2020-2021 school year and every ten years thereafter.

(c) The commissioner must implement a review of the academic standards and related benchmarks in arts beginning in the 2016-2017 school year and every ten years thereafter.

(d) The commissioner must implement a review of the academic standards and related benchmarks in science beginning in the 2017-2018 school year and every ten years thereafter.

(e) The commissioner must implement a review of the academic standards and related benchmarks in language arts beginning in the 2018-2019 school year and every ten years thereafter.

(f) The commissioner must implement a review of the academic standards and related benchmarks in social studies beginning in the 2019-2020 school year and every ten years thereafter.

(g) School districts and charter schools must revise and align local academic standards and high school graduation requirements in health, world languages, and career and technical education to require students to complete the revised standards beginning in a school year determined by the school district or charter school. School districts and charter schools must formally establish a periodic review cycle for the academic standards and related benchmarks in health, world languages, and career and technical education.

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

Sec. 3. Minnesota Statutes 2014, section 120B.022, subdivision 1, is amended to read:

Subdivision 1. **Elective standards.** A district must establish its own standards in ~~the following~~ subject areas:

~~(1) career and technical education; and~~

~~(2) A district must use the current world languages standards developed by the American Council on the Teaching of Foreign Languages.~~

A school district must offer courses in all elective subject areas.

Sec. 4. Minnesota Statutes 2014, section 120B.024, subdivision 2, is amended to read:

Subd. 2. **Credit equivalencies.** (a) A one-half credit of economics taught in a school's agriculture education or business department may fulfill a one-half credit in social studies under subdivision 1, clause (5), if the credit is sufficient to satisfy all of the academic standards in economics.

(b) An agriculture science or career and technical education credit may fulfill ~~the credit in chemistry or physics or~~ the elective science credit required under subdivision 1, clause (4), if the credit meets the state ~~chemistry or physics, or district biology~~ physical science, life science, earth and space science, chemistry, or physics academic standards or a combination of these academic standards as approved by the district. An agriculture or career and technical education credit may fulfill the credit in chemistry or physics required under subdivision 1, clause (4), if the credit meets the state chemistry or physics academic standards as approved by the district. A student must satisfy either all of the chemistry academic standards or all of the physics academic standards prior

to graduation. An agriculture science or career and technical education credit may not fulfill the required biology credit under subdivision 1, clause (4).

(c) A career and technical education credit may fulfill a mathematics or arts credit requirement under subdivision 1, clause (2) or (6).

(d) An agriculture education teacher is not required to meet the requirements of Minnesota Rules, part 3505.1150, subpart 1, item B, to meet the credit equivalency requirements of paragraph (b) above.

(e) A computer science credit may fulfill a mathematics credit requirement under subdivision 1, clause (2), if the credit meets state academic standards in mathematics.

(f) A Project Lead the Way credit may fulfill a science or mathematics credit requirement under subdivision 1, clause (2) or (4), if the credit meets the state academic standards in science or mathematics.

**EFFECTIVE DATE.** This section is effective for the 2015-2016 school year and later.

Sec. 5. Minnesota Statutes 2014, section 120B.11, subdivision 9, is amended to read:

Subd. 9. **Annual evaluation.** (a) The commissioner must identify effective strategies, practices, and use of resources by districts and school sites in striving for the world's best workforce. The commissioner must assist districts and sites throughout the state in implementing these effective strategies, practices, and use of resources.

(b) The commissioner must identify those districts in any consecutive three-year period not making sufficient progress toward improving teaching and learning for all students, including English learners with varied needs, consistent with section 124D.59, subdivisions 2 and 2a, and striving for the world's best workforce. The commissioner, in collaboration with the identified district, may require the district to use up to two percent of its basic general education revenue per fiscal year during the proximate three school years to implement commissioner-specified strategies and practices, consistent with paragraph (a), to improve and accelerate its progress in realizing its goals under this section. In implementing this section, the commissioner must consider districts' budget constraints and legal obligations.

(c) The commissioner shall report by January 25 of each year to the committees of the legislature having jurisdiction over kindergarten through grade 12 education the list of school districts that have not submitted their report to the commissioner under subdivision 5 and the list of school districts not achieving their performance goals established in their plan under subdivision 2.

Sec. 6. Minnesota Statutes 2014, section 120B.125, is amended to read:

**120B.125 PLANNING FOR STUDENTS' SUCCESSFUL TRANSITION TO POSTSECONDARY EDUCATION AND EMPLOYMENT; PERSONAL LEARNING PLANS.**

(a) Consistent with sections ~~120B.128~~, 120B.13, 120B.131, 120B.132, 120B.14, 120B.15, 120B.30, subdivision 1, paragraph (c), 125A.08, and other related sections, school districts, beginning in the 2013-2014 school year, must assist all students by no later than grade 9 to explore their educational, college, and career interests, aptitudes, and aspirations and develop a plan for a

smooth and successful transition to postsecondary education or employment. All students' plans must:

(1) provide a comprehensive plan to prepare for and complete a career and college ready curriculum by meeting state and local academic standards and developing career and employment-related skills such as team work, collaboration, creativity, communication, critical thinking, and good work habits;

(2) emphasize academic rigor and high expectations;

(3) help students identify interests, aptitudes, aspirations, and personal learning styles that may affect their career and college ready goals and postsecondary education and employment choices;

(4) set appropriate career and college ready goals with timelines that identify effective means for achieving those goals;

(5) help students access education and career options;

(6) integrate strong academic content into career-focused courses and applied and experiential learning opportunities and integrate relevant career-focused courses and applied and experiential learning opportunities into strong academic content;

(7) help identify and access appropriate counseling and other supports and assistance that enable students to complete required coursework, prepare for postsecondary education and careers, and obtain information about postsecondary education costs and eligibility for financial aid and scholarship;

(8) help identify collaborative partnerships among prekindergarten through grade 12 schools, postsecondary institutions, economic development agencies, and local and regional employers that support students' transition to postsecondary education and employment and provide students with applied and experiential learning opportunities; and

(9) be reviewed and revised at least annually by the student, the student's parent or guardian, and the school or district to ensure that the student's course-taking schedule keeps the student making adequate progress to meet state and local academic standards and high school graduation requirements and with a reasonable chance to succeed with employment or postsecondary education without the need to first complete remedial course work.

(b) A school district may develop grade-level curricula or provide instruction that introduces students to various careers, but must not require any curriculum, instruction, or employment-related activity that obligates an elementary or secondary student to involuntarily select or pursue a career, career interest, employment goals, or related job training.

(c) Educators must possess the knowledge and skills to effectively teach all English learners in their classrooms. School districts must provide appropriate curriculum, targeted materials, professional development opportunities for educators, and sufficient resources to enable English learners to become career and college ready.

(d) When assisting students in developing a plan for a smooth and successful transition to postsecondary education and employment, districts must recognize the unique possibilities of each student and ensure that the contents of each student's plan reflect the student's unique talents, skills, and abilities as the student grows, develops, and learns.

Sec. 7. Minnesota Statutes 2014, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. **Statewide testing.** (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, consistent with subdivision 1a, shall include in the comprehensive assessment system, for each grade level to be tested, state-constructed tests developed as computer-adaptive reading and mathematics assessments for students that are aligned with the state's required academic standards under section 120B.021, include multiple choice questions, and are administered annually to all students in grades 3 through 7 8. ~~Reading and mathematics assessments for all students in grade 8 must be aligned with the state's required reading and mathematics standards, be administered annually, and include multiple choice questions.~~ State-developed high school tests aligned with the state's required academic standards under section 120B.021 and administered to all high school students in a subject other than writing must include multiple choice questions. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year.

(1) Students enrolled in grade 8 through the 2009-2010 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraphs (c), clauses (1) and (2), and (d), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, ~~or~~ (v) a nationally recognized armed services vocational aptitude test.

(2) Students enrolled in grade 8 in the 2010-2011 or 2011-2012 school year are eligible to be assessed under (i) the graduation-required assessment for diploma in reading, mathematics, or writing under Minnesota Statutes 2012, section 120B.30, subdivision 1, paragraph (c), clauses (1) and (2), (ii) the WorkKeys job skills assessment, (iii) the Compass college placement test, (iv) the ACT assessment for college admission, ~~or~~ (v) a nationally recognized armed services vocational aptitude test.

(3) For students under clause (1) or (2), a school district may substitute a score from an alternative, equivalent assessment to satisfy the requirements of this paragraph.

(b) The state assessment system must be aligned to the most recent revision of academic standards as described in section 120B.023 in the following manner:

(1) mathematics;

(i) grades 3 through 8 beginning in the 2010-2011 school year; and

(ii) high school level beginning in the 2013-2014 school year;

(2) science; grades 5 and 8 and at the high school level beginning in the 2011-2012 school year; and

(3) language arts and reading; grades 3 through 8 and high school level beginning in the 2012-2013 school year.

(c) For students enrolled in grade 8 in the 2012-2013 school year and later, students' state graduation requirements, based on a longitudinal, systematic approach to student education and career planning, assessment, instructional support, and evaluation, include the following:

(1) ~~demonstrate understanding of required academic standards an opportunity to participate on a nationally normed college entrance exam, in grade 11 or grade 12;~~

(2) achievement and career and college readiness tests in mathematics, reading, and writing, consistent with paragraph ~~(e)~~ (j) and to the extent available, to monitor students' continuous development of and growth in requisite knowledge and skills; analyze students' progress and performance levels, identifying students' academic strengths and diagnosing areas where students require curriculum or instructional adjustments, targeted interventions, or remediation; and, based on analysis of students' progress and performance data, determine students' learning and instructional needs and the instructional tools and best practices that support academic rigor for the student; and

(3) consistent with this paragraph and section 120B.125, age-appropriate exploration and planning activities and career assessments to encourage students to identify personally relevant career interests and aptitudes and help students and their families develop a regularly reexamined transition plan for postsecondary education or employment without need for postsecondary remediation.

Based on appropriate state guidelines, students with an individualized education program may satisfy state graduation requirements by achieving an individual score on the state-identified alternative assessments.

(d) Expectations of schools, districts, and the state for career or college readiness under this subdivision must be comparable in rigor, clarity of purpose, and rates of student completion. A student under paragraph (c), clause (2), must receive targeted, relevant, academically rigorous, and resourced instruction, which may include a targeted instruction and intervention plan focused on improving the student's knowledge and skills in core subjects so that the student has a reasonable chance to succeed in a career or college without need for postsecondary remediation. Consistent with sections 120B.13, 124D.09, 124D.091, 124D.49, and related sections, an enrolling school or district must actively encourage a student in grade 11 or 12 who is identified as academically ready for a career or college to participate in courses and programs awarding college credit to high school students. Students are not required to achieve a specified score or level of proficiency on an assessment under this subdivision to graduate from high school.

~~(d) To improve the secondary and postsecondary outcomes of all students, the alignment between secondary and postsecondary education programs and Minnesota's workforce needs, and the efficiency and cost-effectiveness of secondary and postsecondary programs, the commissioner, after consulting with the chancellor of the Minnesota State Colleges and Universities and using a request for proposal process, shall contract for a series of assessments that are consistent with this subdivision, aligned with state academic standards, and include career and college readiness benchmarks. Mathematics, reading, and writing assessments for students in grades 8 and 10 must be predictive of a nationally normed assessment for career and college readiness. This~~

~~(e) Though not a high school graduation requirement, students are encouraged to participate in a nationally recognized college entrance exam. With funding provided by the state, a district must pay the cost, one time, for an interested student in grade 11 or 12 to take a nationally recognized assessment must be a college entrance exam and given to students in grade 11 before graduating. This series of assessments must include a college placement diagnostic exam and contain career exploration elements. A student must be able to take the exam under this paragraph at the student's~~

high school during the school day and at any one of the multiple exam administrations available to students in the district.

(f) The commissioner and the chancellor of the Minnesota State Colleges and Universities must collaborate in aligning instruction and assessments for adult basic education students and English learners to provide the students with diagnostic information about any targeted interventions, accommodations, modifications, and supports they need so that assessments and other performance measures are accessible to them and they may seek postsecondary education or employment without need for postsecondary remediation. When administering formative or summative assessments used to measure the academic progress, including the oral academic development, of English learners and inform their instruction, schools must ensure that the assessments are accessible to the students and students have the modifications and supports they need to sufficiently understand the assessments.

~~(1)~~(g) Districts and schools, on an annual basis, must use the career exploration elements in these assessments to help students, beginning no later than grade 9, and their families explore and plan for postsecondary education or careers based on the students' interests, aptitudes, and aspirations. Districts and schools must use timely regional labor market information and partnerships, among other resources, to help students and their families successfully develop, pursue, review, and revise an individualized plan for postsecondary education or a career. This process must help increase students' engagement in and connection to school, improve students' knowledge and skills, and deepen students' understanding of career pathways as a sequence of academic and career courses that lead to an industry-recognized credential, an associate's degree, or a bachelor's degree and are available to all students, whatever their interests and career goals.

~~(2) Students in grade 10 or 11 not yet academically ready for a career or college based on their growth in academic achievement between grades 8 and 10 must take the college placement diagnostic exam before taking the college entrance exam under clause (3). Students, their families, the school, and the district can then use the results of the college placement diagnostic exam for targeted instruction, intervention, or remediation and improve students' knowledge and skills in core subjects sufficient for a student to graduate and have a reasonable chance to succeed in a career or college without remediation.~~

~~(3) All students except those eligible for alternative assessments must be given the college entrance part of these assessments in grade 11.~~ (h) A student under this clause who demonstrates attainment of required state academic standards, which include career and college readiness benchmarks, on these high school assessments under subdivision 1a is academically ready for a career or college and is encouraged to participate in courses awarding college credit to high school students. Such courses and programs may include sequential courses of study within broad career areas and technical skill assessments that extend beyond course grades.

~~(4)~~ (i) As appropriate, students through grade 12 must continue to participate in targeted instruction, intervention, or remediation and be encouraged to participate in courses awarding college credit to high school students.

~~(5) A study to determine the alignment between these assessments and state academic standards under this chapter must be conducted. Where alignment exists, the commissioner must seek federal approval to, and immediately upon receiving approval, replace the federally required assessments referenced under subdivision 1a and section 120B.35, subdivision 2, with assessments under this paragraph.~~

(e) (j) In developing, supporting, and improving students' academic readiness for a career or college, schools, districts, and the state must have a continuum of empirically derived, clearly defined benchmarks focused on students' attainment of knowledge and skills so that students, their parents, and teachers know how well students must perform to have a reasonable chance to succeed in a career or college without need for postsecondary remediation. The commissioner, in consultation with local school officials and educators, and Minnesota's public postsecondary institutions must ensure that the foundational knowledge and skills for students' successful performance in postsecondary employment or education and an articulated series of possible targeted interventions are clearly identified and satisfy Minnesota's postsecondary admissions requirements.

(f) (k) For students in grade 8 in the 2012-2013 school year and later, a school, district, or charter school must record on the high school transcript a student's progress toward career and college readiness, and for other students as soon as practicable.

(g) (l) The school board granting students their diplomas may formally decide to include a notation of high achievement on the high school diplomas of those graduating seniors who, according to established school board criteria, demonstrate exemplary academic achievement during high school.

(h) (m) The 3rd through 7<sup>th</sup> 8<sup>th</sup> grade computer-adaptive assessment results and ~~grade 8~~ and high school test results shall be available to districts for diagnostic purposes affecting student learning and district instruction and curriculum, and for establishing educational accountability. The commissioner must establish empirically derived benchmarks on adaptive assessments in grades 3 through 7 8 that reveal a trajectory toward career and college readiness. The commissioner must disseminate to the public the computer-adaptive assessments, ~~grade 8~~, and high school test results upon receiving those results.

(i) (n) The grades 3 through 7 8 computer-adaptive assessments and ~~grade 8~~ and high school tests must be aligned with state academic standards. The commissioner shall determine the testing process and the order of administration. The statewide results shall be aggregated at the site and district level, consistent with subdivision 1a.

(j) (o) The commissioner shall include the following components in the statewide public reporting system:

(1) uniform statewide computer-adaptive assessments of all students in grades 3 through 7 8 and testing at the ~~grade 8~~ and high school levels that provides appropriate, technically sound accommodations or alternate assessments;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis, including average daily attendance, high school graduation rates, and high school drop-out rates by age and grade level;

(3) state results on the American College Test; and

(4) state results from participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement.

(k) (p) For purposes of statewide accountability, "career and college ready" means a high school graduate has the knowledge, skills, and competencies to successfully pursue a career pathway, including postsecondary credit leading to a degree, diploma, certificate, or industry-recognized credential and employment. Students who are career and college ready are able to successfully complete credit-bearing coursework at a two- or four-year college or university or other credit-bearing postsecondary program without need for remediation.

(H) (q) For purposes of statewide accountability, "cultural competence," "cultural competency," or "culturally competent" means the ability and will to interact effectively with people of different cultures, native languages, and socioeconomic backgrounds.

**EFFECTIVE DATE.** This section is effective for the 2015-2016 school year and later.

Sec. 8. Minnesota Statutes 2014, section 120B.30, subdivision 1a, is amended to read:

Subd. 1a. **Statewide and local assessments; results.** (a) For purposes of this section, the following definitions have the meanings given them.

(1) "Computer-adaptive assessments" means fully adaptive assessments.

(2) "Fully adaptive assessments" include test items that are on-grade level and items that may be above or below a student's grade level.

(3) "On-grade level" test items contain subject area content that is aligned to state academic standards for the grade level of the student taking the assessment.

(4) "Above-grade level" test items contain subject area content that is above the grade level of the student taking the assessment and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards above the grade level of the student taking the assessment. Notwithstanding the student's grade level, administering above-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(5) "Below-grade level" test items contain subject area content that is below the grade level of the student taking the test and is considered aligned with state academic standards to the extent it is aligned with content represented in state academic standards below the student's current grade level. Notwithstanding the student's grade level, administering below-grade level test items to a student does not violate the requirement that state assessments must be aligned with state standards.

(b) The commissioner must use fully adaptive mathematics and reading assessments for grades 3 through 7 ~~beginning in the 2015-2016 school year and later~~ 8.

(c) For purposes of conforming with existing federal educational accountability requirements, the commissioner must develop and implement computer-adaptive reading and mathematics assessments for grades 3 through ~~7~~ 8, state-developed ~~grade 8 and~~ high school reading and mathematics tests aligned with state academic standards, a high school writing test aligned with state standards when it becomes available, and science assessments under clause (2) that districts and sites must use to monitor student growth toward achieving those standards. The commissioner must not develop statewide assessments for academic standards in social studies, health and physical education, and the arts. The commissioner must require:

(1) annual computer-adaptive reading and mathematics assessments in grades 3 through 7 8, and ~~grade 8~~ and high school reading, writing, and mathematics tests; and

(2) annual science assessments in one grade in the grades 3 through 5 span, the grades 6 through 8 span, and a life sciences assessment in the grades 9 through 12 span, and the commissioner must not require students to achieve a passing score on high school science assessments as a condition of receiving a high school diploma.

(d) The commissioner must ensure that for annual computer-adaptive assessments:

(1) individual student performance data and achievement reports are available within three school days of when students take an assessment except in a year when an assessment reflects new performance standards;

(2) growth information is available for each student from the student's first assessment to each proximate assessment using a constant measurement scale;

(3) parents, teachers, and school administrators are able to use elementary and middle school student performance data to project students' secondary and postsecondary achievement; and

(4) useful diagnostic information about areas of students' academic strengths and weaknesses is available to teachers and school administrators for improving student instruction and indicating the specific skills and concepts that should be introduced and developed for students at given performance levels, organized by strands within subject areas, and aligned to state academic standards.

(e) The commissioner must ensure that all state tests administered to elementary and secondary students measure students' academic knowledge and skills and not students' values, attitudes, and beliefs.

(f) Reporting of state assessment results must:

(1) provide timely, useful, and understandable information on the performance of individual students, schools, school districts, and the state;

(2) include a growth indicator of student achievement; and

(3) determine whether students have met the state's academic standards.

(g) Consistent with applicable federal law, the commissioner must include appropriate, technically sound accommodations or alternative assessments for the very few students with disabilities for whom statewide assessments are inappropriate and for English learners.

(h) A school, school district, and charter school must administer statewide assessments under this section, as the assessments become available, to evaluate student progress toward career and college readiness in the context of the state's academic standards. A school, school district, or charter school may use a student's performance on a statewide assessment as one of multiple criteria to determine grade promotion or retention. A school, school district, or charter school may use a high school student's performance on a statewide assessment as a percentage of the student's final grade in a course, or place a student's assessment score on the student's transcript.

Sec. 9. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 1b. **Special and extenuating circumstances.** The Department of Education shall develop a list of circumstances in which a student may be unable to test. The list shall include but not be limited to: students transferring to Minnesota from another state, students transferring from nonpublic to public school and students hospitalized. Students unable to participate in statewide assessment due to a circumstance on the list authorized under this subdivision shall not be penalized for missing the opportunity to take a test.

Sec. 10. Minnesota Statutes 2014, section 120B.30, subdivision 4, is amended to read:

Subd. 4. **Access to tests.** Consistent with section 13.34, the commissioner must adopt and publish a policy to provide public and parental access for review of ~~basic skills tests, Minnesota Comprehensive Assessments, or any other such statewide test and assessment~~ developed assessments which would not compromise the objectivity or fairness of the testing or examination process. Upon receiving a written request, the commissioner must make available to parents or guardians a copy of their student's actual responses to the test questions for their review.

Sec. 11. Minnesota Statutes 2014, section 120B.30, is amended by adding a subdivision to read:

Subd. 6. **Commissioner-ordered suspension of assessments.** In the event that it becomes necessary for the commissioner to order the suspension of assessments under this section because of service disruptions, technical interruptions, or any other reason beyond the control of school districts, the commissioner must immediately notify the chair and ranking member of the legislative committees with jurisdiction over kindergarten through grade 12 education.

Sec. 12. **[120B.301] LIMITS ON LOCAL TESTING.**

(a) For students in grades 1 through 6, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed ten hours per school year. For students in grades 7 through 12, the cumulative total amount of time spent taking locally adopted districtwide or schoolwide assessments must not exceed 11 hours per school year. For purposes of this paragraph, International Baccalaureate and Advanced Placement exams are not considered locally adopted assessments.

(b) A district or charter school is exempt from the requirements of paragraph (a), if the district or charter school, in consultation with the exclusive representative of the teachers or other teachers if there is no exclusive representative of the teachers, decides to exceed a time limit in paragraph (a) and includes in the report required under section 120B.11, subdivision 5.

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

Sec. 13. **INTERRUPTED TESTS; TEST DATA.**

(a) The commissioner of education must contract with a qualified independent contractor to determine whether students' 2015 Minnesota Comprehensive Assessments mathematics, reading, and science test results under Minnesota Statutes, section 120B.30, are sufficiently robust or were sufficiently invariant to observed disruptions of the test administration to accurately reflect students' achievement on these tests.

(b) For purposes of Minnesota Statutes, section 120B.36, and section 122A.40, subdivision 9, or 122A.41, subdivision 5, and notwithstanding other law to the contrary, a school district may decide, consistent with the concern under paragraph (a) about incomplete data from interrupted tests, to not report student test results for the 2014-2015 school year.

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

Sec. 14. **REPORT ON MCA CONTRACTOR PERFORMANCE.**

By February 10, 2016, the commissioner of education must report to the legislative committee with jurisdiction over education finance and policy describing the performance of the contractor providing the Minnesota Comprehensive Assessments to the state, including any payment adjusted to reflect the contractor's failure to perform according to the terms of the state contract, findings from the qualified independent contractor under section 13, and any other information about online administration of the Minnesota Comprehensive assessments the commissioner wishes to include in the report.

Sec. 15. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Statewide testing and reporting system.** For the statewide testing and reporting system under Minnesota Statutes, section 120B.30:

\$	<u>11,204,000</u>	.....	<u>2016</u>
\$	<u>10,892,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 3. **ACT test reimbursement.** To reimburse districts for students who qualify under Minnesota Statutes, section 120B.30, subdivision 1, paragraph (e), for onetime payment of their ACT examination fee:

\$	<u>3,011,000</u>	.....	<u>2016</u>
\$	<u>3,011,000</u>	.....	<u>2017</u>

The Department of Education must reimburse districts for their onetime payments on behalf of students.

Sec. 16. **REPEALER.**

Minnesota Statutes 2014, section 120B.128, is repealed.

## ARTICLE 4

### CHARTER SCHOOLS

Section 1. Minnesota Statutes 2014, section 124D.10, subdivision 1, is amended to read:

Subdivision 1. **Purposes.** (a) The primary purpose of this section is to improve all pupil learning and all student achievement. Additional purposes include to:

- (1) increase learning opportunities for all pupils;
- (2) encourage the use of different and innovative teaching methods;
- (3) measure learning outcomes and create different and innovative forms of measuring outcomes;

(4) establish new forms of accountability for schools; or

(5) create new professional opportunities for teachers, including the opportunity to be responsible for the learning program at the school site.

(b) This section does not provide a means to keep open a school that a school board decides to close. However, a school board may endorse or authorize the establishing of a charter school to replace the school the board decided to close. Applicants seeking a charter under this circumstance must demonstrate to the authorizer that the charter sought is substantially different in purpose and program from the school the board closed and that the proposed charter satisfies the requirements of this subdivision. If the school board that closed the school authorizes the charter, it must document in its affidavit to the commissioner that the charter is substantially different in program and purpose from the school it closed.

(c) An authorizer shall not approve an application submitted by a charter school developer under subdivision 4, paragraph (a), if the application does not comply with this subdivision. The commissioner shall not approve an affidavit submitted by an authorizer under subdivision 4, paragraph (b), if the affidavit does not comply with this subdivision.

Sec. 2. Minnesota Statutes 2014, section 124D.10, subdivision 3, is amended to read:

Subd. 3. **Authorizer.** (a) For purposes of this section, the terms defined in this subdivision have the meanings given them.

"Application" to receive approval as an authorizer means the proposal an eligible authorizer submits to the commissioner under paragraph (c) ~~(e)~~ (d) before that authorizer is able to submit any affidavit to charter to a school.

"Application" under subdivision 4 means the charter school business plan a school developer submits to an authorizer for approval to establish a charter school that documents the school developer's mission statement, school purposes, program design, financial plan, governance and management structure, and background and experience, plus any other information the authorizer requests. The application also shall include a "statement of assurances" of legal compliance prescribed by the commissioner.

"Affidavit" means a written statement the authorizer submits to the commissioner for approval to establish a charter school under subdivision 4 attesting to its review and approval process before chartering a school.

(b) The following organizations may authorize one or more charter schools:

(1) a school board, intermediate school district school board, or education district organized under sections 123A.15 to 123A.19;

(2) a charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986, excluding a nonpublic sectarian or religious institution; any person other than a natural person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with the nonpublic sectarian or religious institution; and any other charitable organization under this clause that in the federal IRS Form 1023, Part IV, describes activities indicating a religious purpose, that:

(i) is a member of the Minnesota Council of Nonprofits or the Minnesota Council on Foundations;

(ii) is registered with the attorney general's office; and

(iii) is incorporated in the state of Minnesota and has been operating continuously for at least five years but does not operate a charter school;

(3) a Minnesota private college, notwithstanding clause (2), that grants two- or four-year degrees and is registered with the Minnesota Office of Higher Education under chapter 136A; community college, state university, or technical college governed by the Board of Trustees of the Minnesota State Colleges and Universities; or the University of Minnesota;

(4) a nonprofit corporation subject to chapter 317A, described in section 317A.905, and exempt from federal income tax under section 501(c)(6) of the Internal Revenue Code of 1986, may authorize one or more charter schools if the charter school has operated for at least three years under a different authorizer and if the nonprofit corporation has existed for at least 25 years; or

(5) single-purpose authorizers formed as charitable, nonsectarian organizations under section 501(c)(3) of the Internal Revenue Code of 1986 and incorporated in the state of Minnesota under chapter 317A as a corporation with no members or under section 322B.975 as a nonprofit limited liability company for the sole purpose of chartering schools.

(c) Eligible organizations interested in being approved as an authorizer under this paragraph must submit a proposal to the commissioner that includes the provisions of paragraph (e) (d) and a five-year financial plan. Such authorizers shall consider and approve charter school applications using the criteria provided in subdivision 4 and shall not limit the applications it solicits, considers, or approves to any single curriculum, learning program, or method.

(e) (d) An eligible authorizer under this subdivision must apply to the commissioner for approval as an authorizer before submitting any affidavit to the commissioner to charter a school. The application for approval as a charter school authorizer must demonstrate the applicant's ability to implement the procedures and satisfy the criteria for chartering a school under this section. The commissioner must approve or disapprove an application within 45 business days of the application deadline. If the commissioner disapproves the application, the commissioner must notify the applicant of the specific deficiencies in writing and the applicant then has 20 business days to address the deficiencies to the commissioner's satisfaction. After the 20 business days expire, the commissioner has 15 business days to make a final decision to approve or disapprove the application. Failing to address the deficiencies to the commissioner's satisfaction makes an applicant ineligible to be an authorizer. The commissioner, in establishing criteria for approval, must consider the applicant's:

- (1) capacity and infrastructure;
- (2) application criteria and process;
- (3) contracting process;
- (4) ongoing oversight and evaluation processes; and
- (5) renewal criteria and processes.

~~(d)~~ (e) An applicant must include in its application to the commissioner to be an approved authorizer at least the following:

(1) how chartering schools is a way for the organization to carry out its mission;

(2) a description of the capacity of the organization to serve as an authorizer, including the personnel who will perform the authorizing duties, their qualifications, the amount of time they will be assigned to this responsibility, and the financial resources allocated by the organization to this responsibility;

(3) a description of the application and review process the authorizer will use to make decisions regarding the granting of charters;

(4) a description of the type of contract it will arrange with the schools it charters that meets the provisions of subdivision 6;

(5) the process to be used for providing ongoing oversight of the school consistent with the contract expectations specified in clause (4) that assures that the schools chartered are complying with both the provisions of applicable law and rules, and with the contract;

(6) a description of the criteria and process the authorizer will use to grant expanded applications under subdivision 4, paragraph ~~(j)~~ (s);

(7) the process for making decisions regarding the renewal or termination of the school's charter based on evidence that demonstrates the academic, organizational, and financial competency of the school, including its success in increasing student achievement and meeting the goals of the charter school agreement; and

(8) an assurance specifying that the organization is committed to serving as an authorizer for the full five-year term.

~~(e)~~ (f) A disapproved applicant under this section may resubmit an application during a future application period.

~~(f)~~ (g) If the governing board of an approved authorizer votes to withdraw as an approved authorizer for a reason unrelated to any cause under subdivision 23, the authorizer must notify all its chartered schools and the commissioner in writing by July 15 of its intent to withdraw as an authorizer on June 30 in the next calendar year, regardless of when the authorizer's five-year term of approval ends. The commissioner may approve the transfer of a charter school to a new authorizer under this paragraph after the new authorizer submits an affidavit to the commissioner.

~~(g)~~ (h) The authorizer must participate in department-approved training.

~~(h)~~ (i) The commissioner shall review an authorizer's performance every five years in a manner and form determined by the commissioner and may review an authorizer's performance more frequently at the commissioner's own initiative or at the request of a charter school operator, charter school board member, or other interested party. The commissioner, after completing the review, shall transmit a report with findings to the authorizer.

(j) If, consistent with this section, the commissioner finds that an authorizer has not fulfilled the requirements of this section, the commissioner may subject the authorizer to corrective action, which may include terminating the contract with the charter school board of directors of a school it chartered. The commissioner must notify the authorizer in writing of any findings that may subject

the authorizer to corrective action and the authorizer then has 15 business days to request an informal hearing before the commissioner takes corrective action. If the commissioner terminates a contract between an authorizer and a charter school under this paragraph, the commissioner may assist the charter school in acquiring a new authorizer.

(i) ~~(k)~~ The commissioner may at any time take corrective action against an authorizer, including terminating an authorizer's ability to charter a school for:

(1) failing to demonstrate the criteria under paragraph ~~(e)~~ (d) under which the commissioner approved the authorizer;

(2) violating a term of the chartering contract between the authorizer and the charter school board of directors;

(3) unsatisfactory performance as an approved authorizer; or

(4) any good cause shown that provides the commissioner a legally sufficient reason to take corrective action against an authorizer.

Sec. 3. Minnesota Statutes 2014, section 124D.10, subdivision 4, is amended to read:

Subd. 4. **Formation of school.** (a) An authorizer, after receiving an application from a school developer, may charter a licensed teacher under section 122A.18, subdivision 1, or a group of individuals that includes one or more licensed teachers under section 122A.18, subdivision 1, to operate a school subject to the commissioner's approval of the authorizer's affidavit under paragraph ~~(b)~~ (d).

~~(b)~~ (b) The school must be organized and operated as a nonprofit corporation under chapter 317A and the provisions under the applicable chapter shall apply to the school except as provided in this section.

~~(c)~~ (c) Notwithstanding sections 465.717 and 465.719, a school district, subject to this section and section 124D.11, may create a corporation for the purpose of establishing a charter school.

~~(b)~~ (d) Before the operators may establish and operate a school, the authorizer must file an affidavit with the commissioner stating its intent to charter a school. An authorizer must file a separate affidavit for each school it intends to charter. An authorizer must file an affidavit ~~by May 1 to be able to charter a new school in the next school year after the commissioner approves the authorizer's affidavit~~ at least 14 months before July 1 of the year the new charter school plans to serve students. The affidavit must state the terms and conditions under which the authorizer would charter a school and how the authorizer intends to oversee the fiscal and student performance of the charter school and to comply with the terms of the written contract between the authorizer and the charter school board of directors under subdivision 6. The commissioner must approve or disapprove the authorizer's affidavit within 60 business days of receipt of the affidavit. If the commissioner disapproves the affidavit, the commissioner shall notify the authorizer of the deficiencies in the affidavit and the authorizer then has 20 business days to address the deficiencies. The commissioner must notify the authorizer of final approval or disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. If the authorizer does not address deficiencies to the commissioner's satisfaction, the commissioner's disapproval is final. Failure to obtain commissioner approval precludes an authorizer from chartering the school that is the subject of this affidavit.

~~(e)~~ (e) The authorizer may prevent an approved charter school from opening for operation if, among other grounds, the charter school violates this section or does not meet the ready-to-open standards that are part of the authorizer's oversight and evaluation process or are stipulated in the charter school contract.

~~(f)~~ (f) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must incorporate as a nonprofit corporation under chapter 317A ~~and~~.

~~(g)~~ (g) The operators authorized to organize and operate a school, before entering into a contract or other agreement for professional or other services, goods, or facilities, must establish a board of directors composed of at least five members who are not related parties until a timely election for members of the ongoing charter school board of directors is held according to the school's articles and bylaws under paragraph (f) (l). ~~A charter school board of directors must be composed of at least five members who are not related parties.~~

(h) Staff members employed at the school, including teachers providing instruction under a contract with a cooperative, members of the board of directors, and all parents or legal guardians of children enrolled in the school are the voters eligible to elect the members of the school's board of directors. A charter school must notify eligible voters of the school board election dates at least 30 days before the election.

(i) Board of director meetings must comply with chapter 13D.

~~(j)~~ (j) A charter school shall publish and maintain on the school's official Web site: (1) the minutes of meetings of the board of directors, and of members and committees having any board-delegated authority, for at least one calendar year from the date of publication; (2) directory information for members of the board of directors and committees having board-delegated authority; and (3) identifying and contact information for the school's authorizer. Identifying and contact information for the school's authorizer must be included in other school materials made available to the public.

(k) Upon request of an individual, the charter school must also make available in a timely fashion financial statements showing all operations and transactions affecting income, surplus, and deficit during the school's last annual accounting period; and a balance sheet summarizing assets and liabilities on the closing date of the accounting period. A charter school also must include that same information about its authorizer in other school materials that it makes available to the public.

~~(l)~~ (l) Every charter school board member shall attend annual training throughout the member's term on the board. All new board members shall attend initial training on the board's role and responsibilities, employment policies and practices, and financial management. A new board member who does not begin the required initial training within six months after being seated and complete that training within 12 months of being seated on the board is automatically ineligible to continue to serve as a board member. The school shall include in its annual report the training attended by each board member during the previous year.

~~(m)~~ (m) The ongoing board must be elected before the school completes its third year of operation. Board elections must be held during the school year but may not be conducted on days when the school is closed for holidays, breaks, or vacations.

(n) The charter school board of directors shall be composed of at least five nonrelated members and include: (i) at least one licensed teacher employed as a teacher at the school or providing instruction under contract between the charter school and a cooperative; (ii) at least one parent or legal guardian of a student enrolled in the charter school who is not an employee of the charter school; and (iii) at least one interested community member who resides in Minnesota and is not employed by the charter school and does not have a child enrolled in the school. The board may include a majority of teachers described in this paragraph or parents or community members, or it may have no clear majority. The chief financial officer and the chief administrator may only serve as ex-officio nonvoting board members. No charter school employees shall serve on the board other than teachers under item (i). Contractors providing facilities, goods, or services to a charter school shall not serve on the board of directors of the charter school.

(o) Board bylaws shall outline the process and procedures for changing the board's governance structure, consistent with chapter 317A. A board may change its governance structure only:

(1) by a majority vote of the board of directors and a majority vote of the licensed teachers employed by the school as teachers, including licensed teachers providing instruction under a contract between the school and a cooperative; and

(2) with the authorizer's approval.

Any change in board governance structure must conform with the composition of the board established under this paragraph.

~~(h)~~ (p) The granting or renewal of a charter by an authorizer must not be conditioned upon the bargaining unit status of the employees of the school.

~~(i)~~ (q) The granting or renewal of a charter school by an authorizer must not be contingent on the charter school being required to contract, lease, or purchase services from the authorizer.

(r) Any potential contract, lease, or purchase of service from an authorizer must be disclosed to the commissioner, accepted through an open bidding process, and be a separate contract from the charter contract. The school must document the open bidding process. An authorizer must not enter into a contract to provide management and financial services for a school that it authorizes, unless the school documents that it received at least two competitive bids.

~~(j)~~ (s) A charter school may apply to the authorizer to amend the school charter to expand the operation of the school to additional grades or sites that would be students' primary enrollment site beyond those defined in the original affidavit approved by the commissioner. After approving the school's application, the authorizer shall submit a supplementary affidavit in the form and manner prescribed by the commissioner. The authorizer must file a supplement affidavit by October 1 to be eligible to expand in the next school year. The supplementary affidavit must document that the school has demonstrated to the satisfaction of the authorizer the following:

(1) the need for the expansion with supporting long-range enrollment projections;

(2) a longitudinal record of demonstrated student academic performance and growth on statewide assessments under chapter 120B or on other academic assessments that measure longitudinal student performance and growth approved by the charter school's board of directors and agreed upon with the authorizer;

(3) a history of sound school finances and a finance plan to implement the expansion in a manner to promote the school's financial sustainability; and

(4) board capacity and an administrative and management plan to implement its expansion.

~~(k)~~ (t) The commissioner shall have 30 business days to review and comment on the supplemental affidavit. The commissioner shall notify the authorizer in writing of any deficiencies in the supplemental affidavit and the authorizer then has 20 business days to address, to the commissioner's satisfaction, any deficiencies in the supplemental affidavit. The commissioner must notify the authorizer of final approval or disapproval within 15 business days after receiving the authorizer's response to the deficiencies in the affidavit. The school may not expand grades or add sites until the commissioner has approved the supplemental affidavit. The commissioner's approval or disapproval of a supplemental affidavit is final.

Sec. 4. Minnesota Statutes 2014, section 124D.10, subdivision 8, is amended to read:

Subd. 8. **Federal, state, and local requirements.** (a) A charter school shall meet all federal, state, and local health and safety requirements applicable to school districts.

(b) A school must comply with statewide accountability requirements governing standards and assessments in chapter 120B.

(c) A school authorized by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution.

(d) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. An authorizer may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(e) A charter school student must be released for religious instruction, consistent with section 120A.22, subdivision 12, clause (3).

~~(e)~~ (f) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled. This paragraph does not apply to shared time aid under section 126C.19.

~~(f)~~ (g) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people older than 18 years of age. A charter school may offer a free or fee-based preschool or prekindergarten that meets high-quality early learning instructional program standards that are aligned with Minnesota's early learning standards for children. The hours a student is enrolled in a fee-based prekindergarten program do not generate pupil units under section 126C.05 and must not be used to calculate general education revenue under section 126C.10. A charter school with at least 90 percent of enrolled students who are eligible for special education services and have a primary disability of deaf or hard-of-hearing may enroll prekindergarten pupils with a disability under section 126C.05, subdivision 1, paragraph (a), and must comply with the federal Individuals with Disabilities Education Act under Code of Federal Regulations, title 34, section 300.324, subsection (2), clause (iv).

~~(g)~~ (h) Except as provided in paragraph (g), a charter school may not charge tuition.

~~(h)~~ (i) A charter school is subject to and must comply with chapter 363A and section 121A.04.

~~(i)~~ (j) Once a student is enrolled in the school, the student is considered enrolled in the school until the student formally withdraws or is expelled under the Pupil Fair Dismissal Act in sections 121A.40 to 121A.56. A charter school is subject to and must comply with the Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, ~~and~~.

(k) A charter school is subject to and must comply with the Minnesota Public School Fee Law, sections 123B.34 to 123B.39.

~~(j)~~ (l) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district, except as required under subdivision 6a. Audits must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, if applicable, and section 6.65. A charter school is subject to and must comply with sections 15.054; 118A.01; 118A.02; 118A.03; 118A.04; 118A.05; 118A.06; 471.38; 471.391; 471.392; and 471.425. The audit must comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. Deviations must be approved by the commissioner and authorizer. The Department of Education, state auditor, legislative auditor, or authorizer may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

~~(k)~~ (m) A charter school is a district for the purposes of tort liability under chapter 466.

~~(l)~~ (n) A charter school must comply with chapters 13 and 13D; and sections 120A.22, subdivision 7; 121A.75; and 260B.171, subdivisions 3 and 5.

~~(m)~~ (o) A charter school is subject to the Pledge of Allegiance requirement under section 121A.11, subdivision 3.

~~(n)~~ (p) A charter school offering online courses or programs must comply with section 124D.095.

~~(o)~~ (q) A charter school and charter school board of directors are subject to chapter 181.

~~(p)~~ (r) A charter school must comply with section 120A.22, subdivision 7, governing the transfer of students' educational records and sections 138.163 and 138.17 governing the management of local records.

~~(q)~~ (s) A charter school that provides early childhood health and developmental screening must comply with sections 121A.16 to 121A.19.

~~(r)~~ (t) A charter school that provides school-sponsored youth athletic activities must comply with section 121A.38.

~~(s)~~ (u) A charter school is subject to and must comply with continuing truant notification under section 260A.03.

~~(t)~~ (v) A charter school must develop and implement a teacher evaluation and peer review process under section 122A.40, subdivision 8, paragraph (b), clauses (2) to (13). The teacher evaluation process in this paragraph does not create any additional employment rights for teachers.

~~(u)~~ (w) A charter school must adopt a policy, plan, budget, and process, consistent with section 120B.11, to review curriculum, instruction, and student achievement and strive for the world's best workforce.

~~(v)~~ (x) A charter school must comply with section 121A.031 governing policies on prohibited conduct.

~~(w)~~ (y) A charter school must comply with all pupil transportation requirements in section 123B.88, subdivision 1. A charter school must not require parents to surrender their rights to pupil transportation under section 123B.88, subdivision 2.

**EFFECTIVE DATE.** This section is effective the day following final enactment except the provision under paragraph (g) allowing prekindergarten deaf or hard-of-hearing pupils to enroll in a charter school is effective only if the commissioner of education determines there is no added cost attributable to the pupil.

Sec. 5. Minnesota Statutes 2014, section 124D.10, subdivision 12, is amended to read:

Subd. 12. **Pupils with a disability.** A charter school must comply with sections 125A.02, 125A.03 to 125A.24, ~~and 125A.65, and 125A.75~~ and rules relating to the education of pupils with a disability as though it were a district. A charter school enrolling prekindergarten pupils with a disability under subdivision 8, paragraph (g), must comply with sections 125A.259 to 125A.48 and rules relating to the Interagency Early Intervention System as though it were a school district.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.10, subdivision 14, is amended to read:

Subd. 14. **Annual public reports.** (a) A charter school must publish an annual report approved by the board of directors. The annual report must at least include information on school enrollment, student attrition, governance and management, staffing, finances, academic performance, innovative practices and implementation, and future plans. A charter school may combine this report with the reporting required under section 120B.11. A charter school must post the annual report on the school's official Web site. A charter school must also distribute the annual report by publication, mail, or electronic means to its authorizer, school employees, and parents and legal guardians of students enrolled in the charter school. The reports are public data under chapter 13.

(b) The commissioner shall establish specifications for an authorizer's annual public report that is part of the system to evaluate authorizer performance under subdivision 3, paragraph (h). The report shall at least include key indicators of school academic, operational, and financial performance.

Sec. 7. Minnesota Statutes 2014, section 124D.10, is amended by adding a subdivision to read:

Subd. 24a. **Merger.** (a) Two or more charter schools may merge under chapter 317A. The effective date of a merger must be July 1. The merged school must continue under the identity of one of the merging schools. A new charter contract under subdivision 6 must be executed by July 1. The authorizer must submit to the commissioner a copy of the new signed charter contract within ten business days of its execution.

(b) Each merging school must submit a separate year-end report for the previous year for that school only. After the final fiscal year of the premerger schools is closed out, the fund balances and debts from the merging schools must be transferred to the merged school.

(c) For its first year of operation, the merged school is eligible to receive aid from programs requiring approved applications equal to the sum of the aid of all of the merging schools. For aids

based on prior year data, the merged school is eligible to receive aid for its first year of operation based on the combined data of all of the merging schools.

Sec. 8. Minnesota Statutes 2014, section 124D.11, subdivision 9, is amended to read:

**Subd. 9. Payment of aids to charter schools.** (a) Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is 90 or greater, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 24 payment dates. Notwithstanding section 127A.45, subdivision 3, if the current year aid payment percentage under section 127A.45, subdivision 2, paragraph (d), is less than 90, aid payments for the current fiscal year to a charter school shall be of an equal amount on each of the 16 payment dates in July through February.

(b) Notwithstanding paragraph (a) and section 127A.45, for a charter school ceasing operation on or prior to June 30 of a school year, for the payment periods occurring after the school ceases serving students, the commissioner shall withhold the estimated state aid owed the school. The charter school board of directors and authorizer must submit to the commissioner a closure plan under chapter 308A or 317A, and financial information about the school's liabilities and assets. After receiving the closure plan, financial information, an audit of pupil counts, documentation of lease expenditures, and monitoring of special education expenditures, the commissioner may release cash withheld and may continue regular payments up to the current year payment percentages if further amounts are owed. If, based on audits and monitoring, the school received state aid in excess of the amount owed, the commissioner shall retain aid withheld sufficient to eliminate the aid overpayment. For a charter school ceasing operations prior to, or at the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary final payments may be made after receiving the closure plan, audit of pupil counts, monitoring of special education expenditures, documentation of lease expenditures, and school submission of Uniform Financial Accounting and Reporting Standards (UFARS) financial data for the final year of operation. Final payment may be made upon receipt of audited financial statements under section 123B.77, subdivision 3.

(c) If a charter school fails to comply with the commissioner's directive to return, for cause, federal or state funds administered by the department, the commissioner may withhold an amount of state aid sufficient to satisfy the directive.

(d) If, within the timeline under section 471.425, a charter school fails to pay the state of Minnesota, a school district, intermediate school district, or service cooperative after receiving an undisputed invoice for goods and services, the commissioner may withhold an amount of state aid sufficient to satisfy the claim and shall distribute the withheld aid to the interested state agency, school district, intermediate school district, or service cooperative. An interested state agency, school district, intermediate school district, or education cooperative shall notify the commissioner when a charter school fails to pay an undisputed invoice within 75 business days of when it received the original invoice.

(e) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day of student attendance for that school year.

(f) (e) In order to receive state aid payments under this subdivision, a charter school in its first three years of operation must submit a school calendar in the form and manner requested by the department and a quarterly report to the Department of Education. The report must list each student

by grade, show the student's start and end dates, if any, with the charter school, and for any student participating in a learning year program, the report must list the hours and times of learning year activities. The report must be submitted not more than two weeks after the end of the calendar quarter to the department. The department must develop a Web-based reporting form for charter schools to use when submitting enrollment reports. A charter school in its fourth and subsequent year of operation must submit a school calendar and enrollment information to the department in the form and manner requested by the department.

~~(g)~~ (f) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter school and satisfaction of creditors, cash and investment balances remaining shall be returned to the state.

~~(h)~~ (g) A charter school must have a valid, signed contract under section 124D.10, subdivision 6, on file at the Department of Education at least 15 days prior to the date of first payment of state aid for the fiscal year.

~~(i)~~ (h) State aid entitlements shall be computed for a charter school only for the portion of a school year for which it has a valid, signed contract under section 124D.10, subdivision 6.

Sec. 9. **APPROPRIATIONS.**

Subdivision 1. **Department.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	<u>66,787,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>73,603,000</u>	<u>.....</u>	<u>2017</u>

The 2016 appropriation includes \$6,032,000 for 2015 and \$60,755,000 for 2016.

The 2017 appropriation includes \$6,750,000 for 2016 and \$66,853,000 for 2017.

Sec. 10. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber the provisions of Minnesota Statutes listed in column A to the references listed in column B. The revisor of statutes may alter the renumbering to incorporate statutory changes made during the 2015 regular legislative session. The revisor shall also make necessary cross-reference changes in Minnesota Statutes and Minnesota Rules consistent with the renumbering in this instruction and the relettering of paragraphs in sections 1 to 8.

<u>Column A</u>	<u>Column B</u>
<u>124D.10, subd. 1, paragraph (a)</u>	<u>124E.01, subd. 1</u>
<u>124D.10, subd. 1, paragraph (b)</u>	<u>124E.06, subd. 3, paragraph (d)</u>
<u>124D.10, subd. 1, paragraph (c)</u>	<u>124E.06, subd. 1, paragraph (b)</u>
<u>124D.10, subd. 2</u>	<u>124E.01, subd. 2</u>
<u>124D.10, subd. 3, paragraph (a)</u>	<u>124E.02, paragraph (a)</u>
<u>124D.10, subd. 3, paragraph (b)</u>	<u>124E.05, subd. 1</u>

<u>124D.10, subd. 3, paragraph (c)</u>	<u>124E.05, subd. 2, paragraph (a)</u>
<u>124D.10, subd. 3, paragraph (d)</u>	<u>124E.05, subd. 3, paragraph (a)</u>
<u>124D.10, subd. 3, paragraph (e)</u>	<u>124E.05, subd. 4</u>
<u>124D.10, subd. 3, paragraph (f)</u>	<u>124E.05, subd. 3, paragraph (b)</u>
<u>124D.10, subd. 3, paragraph (g)</u>	<u>124E.05, subd. 7</u>
<u>124D.10, subd. 3, paragraph (h)</u>	<u>124E.05, subd. 2, paragraph (b)</u>
<u>124D.10, subd. 3, paragraph (i)</u>	<u>124E.05, subd. 5</u>
<u>124D.10, subd. 3, paragraph (j)</u>	<u>124E.05, subd. 6, paragraph (a)</u>
<u>124D.10, subd. 3, paragraph (k)</u>	<u>124E.05, subd. 6, paragraph (b)</u>
<u>124D.10, subd. 4, paragraph (a)</u>	<u>124E.06, subd. 1, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (b)</u>	<u>124E.06, subd. 2, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (c)</u>	<u>124E.06, subd. 2, paragraph (c)</u>
<u>124D.10, subd. 4, paragraph (d)</u>	<u>124E.06, subd. 4</u>
<u>124D.10, subd. 4, paragraph (e)</u>	<u>124E.06, subd. 3, paragraph (g)</u>
<u>124D.10, subd. 4, paragraph (f)</u>	<u>124E.06, subd. 2, paragraph (b)</u>
<u>124D.10, subd. 4, paragraph (g)</u>	<u>124E.07, subd. 1</u>
<u>124D.10, subd. 4, paragraph (h)</u>	<u>124E.07, subd. 5</u>
<u>124D.10, subd. 4, paragraph (i)</u>	<u>124E.07, subd. 8, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (j)</u>	<u>124E.07, subd. 8, paragraph (b)</u>
<u>124D.10, subd. 4, paragraph (k)</u>	<u>124E.17, subd. 2</u>
<u>124D.10, subd. 4, paragraph (l)</u>	<u>124E.07, subd. 7</u>
<u>124D.10, subd. 4, paragraph (m)</u>	<u>124E.07, subd. 2</u>
<u>124D.10, subd. 4, paragraph (n)</u>	<u>124E.07, subd. 3, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (o)</u>	<u>124E.07, subd. 4</u>
<u>124D.10, subd. 4, paragraph (p)</u>	<u>124E.10, subd. 2, paragraph (c)</u>
<u>124D.10, subd. 4, paragraph (q)</u>	<u>124E.10, subd. 2, paragraph (b)</u>
<u>124D.10, subd. 4, paragraph (r)</u>	<u>124E.10, subd. 2, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (s)</u>	<u>124E.06, subd. 5, paragraph (a)</u>
<u>124D.10, subd. 4, paragraph (t)</u>	<u>124E.06, subd. 5, paragraph (b)</u>
<u>124D.10, subd. 4a, paragraph (a)</u>	<u>124E.07, subd. 3, paragraph (b)</u>
<u>124D.10, subd. 4a, paragraph (b)</u>	<u>124E.14, paragraph (a)</u>
<u>124D.10, subd. 4a, paragraph (c)</u>	<u>124E.07, subd. 3, paragraph (c)</u>
<u>124D.10, subd. 4a, paragraph (d)</u>	<u>124E.07, subd. 3, paragraph (d)</u>

<u>124D.10, subd. 4a, paragraph (e)</u>	<u>124E.14, paragraph (b)</u>
<u>124D.10, subd. 4a, paragraph (f)</u>	<u>124E.14, paragraph (c)</u>
<u>124D.10, subd. 5</u>	<u>124E.06, subd. 6</u>
<u>124D.10, subd. 6</u>	<u>124E.10, subd. 1, paragraph (a)</u>
<u>124D.10, subd. 6a</u>	<u>124E.16, subd. 1, paragraphs (b) to (e)</u>
<u>124D.10, subd. 7</u>	<u>124E.03, subd. 1</u>
<u>124D.10, subd. 8, paragraph (a)</u>	<u>124E.03, subd. 2, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (b)</u>	<u>124E.03, subd. 2, paragraph (b)</u>
<u>124D.10, subd. 8, paragraph (c)</u>	<u>124E.06, subd. 3, paragraph (e)</u>
<u>124D.10, subd. 8, paragraph (d)</u>	<u>124E.06, subd. 3, paragraph (b)</u>
<u>124D.10, subd. 8, paragraph (e)</u>	<u>124E.03, subd. 4, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (f)</u>	<u>124E.06, subd. 3, paragraph (c)</u>
<u>124D.10, subd. 8, paragraph (g)</u>	<u>124E.06, subd. 3, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (h)</u>	<u>124E.06, subd. 3, paragraph (f)</u>
<u>124D.10, subd. 8, paragraph (i)</u>	<u>124E.03, subd. 4, paragraph (b)</u>
<u>124D.10, subd. 8, paragraph (j)</u>	<u>124E.11, paragraph (g)</u>
<u>124D.10, subd. 8, paragraph (k)</u>	<u>124E.03, subd. 2, paragraph (c)</u>
<u>124D.10, subd. 8, paragraph (l)</u>	<u>124E.16, subd. 1, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (m)</u>	<u>124E.03, subd. 2, paragraph (d)</u>
<u>124D.10, subd. 8, paragraph (n)</u>	<u>124E.03, subd. 5, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (o)</u>	<u>124E.03, subd. 2, paragraph (e)</u>
<u>124D.10, subd. 8, paragraph (p)</u>	<u>124E.03, subd. 7, paragraph (a)</u>
<u>124D.10, subd. 8, paragraph (q)</u>	<u>124E.03, subd. 2, paragraph (f)</u>
<u>124D.10, subd. 8, paragraph (r)</u>	<u>124E.03, subd. 5, paragraph (b)</u>
<u>124D.10, subd. 8, paragraph (s)</u>	<u>124E.03, subd. 7, paragraph (b)</u>
<u>124D.10, subd. 8, paragraph (t)</u>	<u>124E.03, subd. 7, paragraph (c)</u>
<u>124D.10, subd. 8, paragraph (u)</u>	<u>124E.03, subd. 2, paragraph (g)</u>
<u>124D.10, subd. 8, paragraph (v)</u>	<u>124E.03, subd. 2, paragraph (h)</u>
<u>124D.10, subd. 8, paragraph (w)</u>	<u>124E.03, subd. 2, paragraph (i)</u>
<u>124D.10, subd. 8, paragraph (x)</u>	<u>124E.03, subd. 4, paragraph (c)</u>
<u>124D.10, subd. 8, paragraph (y)</u>	<u>124E.15, paragraph (a)</u>
<u>124D.10, subd. 8a</u>	<u>124E.25, subd. 3, paragraph (a)</u>
<u>124D.10, subd. 8b</u>	<u>124E.25, subd. 3, paragraph (b)</u>

<u>124D.10, subd. 9</u>	<u>124E.11, paragraphs (a) to (f)</u>
<u>124D.10, subd. 10</u>	<u>124E.10, subd. 1, paragraph (b)</u>
<u>124D.10, subd. 11, paragraph (a)</u>	<u>124E.12, subd. 1</u>
<u>124D.10, subd. 11, paragraph (b)</u>	<u>124E.12, subd. 2</u>
<u>124D.10, subd. 11, paragraph (c)</u>	<u>124E.07, subd. 6</u>
<u>124D.10, subd. 11, paragraph (d)</u>	<u>124E.12, subd. 5</u>
<u>124D.10, subd. 12</u>	<u>124E.03, subd. 3</u>
<u>124D.10, subd. 13</u>	<u>124E.03, subd. 6</u>
<u>124D.10, subd. 14</u>	<u>124E.16, subd. 2</u>
<u>124D.10, subd. 15, paragraphs (a) to (e)</u>	<u>124E.10, subd. 3, paragraphs (a) to (e)</u>
<u>124D.10, subd. 15, paragraph (f)</u>	<u>124E.05, subd. 8</u>
<u>124D.10, subd. 16</u>	<u>124E.15, paragraphs (b) to (d)</u>
<u>124D.10, subd. 17</u>	<u>124E.13, subd. 1</u>
<u>124D.10, subd. 17a</u>	<u>124E.13, subd. 3</u>
<u>124D.10, subd. 17b</u>	<u>124E.13, subd. 4</u>
<u>124D.10, subd. 19</u>	<u>124E.17, subd. 1</u>
<u>124D.10, subd. 20</u>	<u>124E.12, subd. 6</u>
<u>124D.10, subd. 21</u>	<u>124E.12, subd. 3</u>
<u>124D.10, subd. 22</u>	<u>124E.12, subd. 4</u>
<u>124D.10, subd. 23, paragraphs (a) and (b)</u>	<u>124E.10, subd. 4, paragraphs (a) and (b)</u>
<u>124D.10, subd. 23, paragraph (c)</u>	<u>124E.10, subd. 5</u>
<u>124D.10, subd. 23, paragraph (d)</u>	<u>124E.10, subd. 4, paragraph (c)</u>
<u>124D.10, subd. 23a, paragraph (a)</u>	<u>124E.13, subd. 2, paragraph (a)</u>
<u>124D.10, subd. 23a, paragraph (b)</u>	<u>124E.02, paragraph (b)</u>
<u>124D.10, subd. 23a, paragraph (c)</u>	<u>124E.13, subd. 2, paragraph (b)</u>
<u>124D.10, subd. 23a, paragraph (d)</u>	<u>124E.13, subd. 2, paragraph (c)</u>
<u>124D.10, subd. 24</u>	<u>124E.10, subd. 6</u>
<u>124D.10, subd. 25</u>	<u>124E.09</u>
<u>124D.10, subd. 27</u>	<u>124E.08</u>
<u>124D.11, subd. 1</u>	<u>124E.20, subd.1</u>
<u>124D.11, subd. 2</u>	<u>124E.23</u>
<u>124D.11, subd. 3</u>	<u>124E.20, subd. 2</u>
<u>124D.11, subd. 4</u>	<u>124E.22</u>

<u>124D.11, subd. 5</u>	<u>124E.21</u>
<u>124D.11, subd. 6</u>	<u>124E.24</u>
<u>124D.11, subd. 7</u>	<u>124E.26</u>
<u>124D.11, subd. 9, paragraph (a)</u>	<u>124E.25, subd. 1, paragraph (a)</u>
<u>124D.11, subd. 9, paragraph (b)</u>	<u>124E.25, subd. 1, paragraph (b)</u>
<u>124D.11, subd. 9, paragraph (c)</u>	<u>124E.25, subd. 4, paragraph (a)</u>
<u>124D.11, subd. 9, paragraph (d)</u>	<u>124E.25, subd. 4, paragraph (b)</u>
<u>124D.11, subd. 9, paragraph (e)</u>	<u>124E.25, subd. 2, paragraph (a)</u>
<u>124D.11, subd. 9, paragraph (f)</u>	<u>124E.25, subd. 1, paragraph (c)</u>
<u>124D.11, subd. 9, paragraph (g)</u>	<u>124E.25, subd. 2, paragraph (b)</u>
<u>124D.11, subd. 9, paragraph (h)</u>	<u>124E.25, subd. 2, paragraph (c)</u>

## ARTICLE 5

### SPECIAL EDUCATION

Section 1. Minnesota Statutes 2014, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. **Requirements for American sign language/English interpreters.** (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

(1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of education; and

(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

(b) New graduates of an interpreter/transliterator program affiliated with an accredited education institution shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (c).

(c) A mentor of a provisionally certified interpreter/transliterator must be an interpreter/transliterator who has either NAD level IV or V certification or RID certified interpreter and certified transliterator certification and have at least three years interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterator, shall develop and implement an education plan designed to meet the requirements of paragraph (a), clause (1), and include a weekly on-site mentoring process.

(d) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation

with the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the ~~director of the Minnesota Resource Center Serving Deaf and Hard-of-Hearing, or the director's designee~~ deaf and hard-of-hearing state specialist, a representative of the Minnesota Association of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

(e) A school district may employ only an interpreter/transliterater who has been certified under paragraph (a) or (b), or for whom a time-limited extension has been granted under paragraph (d).

Sec. 2. Minnesota Statutes 2014, section 122A.31, subdivision 2, is amended to read:

Subd. 2. **Oral or cued speech transliterators.** (a) In addition to any other requirements that a school district establishes, any person employed to provide oral transliterating or cued speech transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must hold a current applicable transliterater certificate awarded by the national certifying association or comparable state certification from the commissioner of education.

(b) To provide oral or cued speech transliterater services on a full-time or part-time basis, a person employed in a school district must comply with paragraph (a). The commissioner shall grant a nonrenewable, two-year certificate to a school district on behalf of a person who has not yet attained a current applicable transliterater certificate under paragraph (a). A person for whom a nonrenewable, two-year certificate is issued must work under the direction of a licensed teacher who is skilled in language development of individuals who are deaf or hard-of-hearing. A person for whom a nonrenewable, two-year certificate is issued also must enroll in a state-approved training program and demonstrate progress towards the certification required under paragraph (a) sufficient for the person to be certified at the end of the two-year period.

(c) Consistent with the requirements of this paragraph, a person holding a provisional certificate may apply to the commissioner for one time-limited extension. The commissioner, in consultation with the Commission Serving Deaf and Hard-of-Hearing People, must grant the person a time-limited extension of the provisional certificate based on the following documentation:

(1) letters of support from the person's mentor, a parent of a pupil the person serves, the special education director of the district in which the person is employed, and a representative from the regional service center of the deaf and hard-of-hearing;

(2) records of the person's formal education, training, experience, and progress on the person's education plan; and

(3) an explanation of why the extension is needed.

As a condition of receiving the extension, the person must comply with a plan and the accompanying time line for meeting the requirements of this subdivision. A committee composed of the ~~director of the Minnesota Resource Center Serving Deaf and Hard-of-Hearing, or the director's designee~~ deaf and hard-of-hearing state specialist, a representative of the Minnesota Association of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf, and other appropriate persons selected by the commissioner must develop the plan and time line for the person receiving the extension.

Sec. 3. Minnesota Statutes 2014, section 123B.88, subdivision 1, is amended to read:

Subdivision 1. **Providing transportation.** The board may provide for the transportation of pupils to and from school and for any other purpose. The board may also provide for the transportation of pupils to schools in other districts for grades and departments not maintained in the district, including high school, at the expense of the district, when funds are available therefor and if agreeable to the district to which it is proposed to transport the pupils, for the whole or a part of the school year, as it may deem advisable, and subject to its rules. In any district, the board must arrange for the attendance of all pupils living two miles or more from the school, except pupils whose transportation privileges have been voluntarily surrendered under subdivision 2, or whose privileges have been revoked under section 123B.91, subdivision 1, clause (6), or 123B.90, subdivision 2. The district may provide for the transportation of or the boarding and rooming of the pupils who may be more economically and conveniently provided for by that means. Arrangements for attendance may include a requirement that parents or guardians request transportation before it is provided. The board must provide necessary transportation to and from the home of consistent with section 123B.92, subdivision 1, paragraph (b), clause (4), for a child with a disability not yet enrolled in kindergarten when for the provision of special instruction and services under sections 125A.03 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided in a location other than in the child's home. Special instruction and services for a child with a disability not yet enrolled in kindergarten include an individualized education program team placement in an early childhood program when that placement is necessary to address the child's level of functioning and needs. When transportation is provided, scheduling of routes, establishment of the location of bus stops, manner and method of transportation, control and discipline of school children, the determination of fees, and any other matter relating thereto must be within the sole discretion, control, and management of the board. The district may provide for the transportation of pupils or expend a reasonable amount for room and board of pupils whose attendance at school can more economically and conveniently be provided for by that means or who attend school in a building rented or leased by a district within the confines of an adjacent district.

Sec. 4. Minnesota Statutes 2014, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. **General education revenue.** (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without declining enrollment revenue, local optional revenue, basic skills revenue, extended time revenue, pension adjustment revenue, transition revenue, and transportation sparsity revenue, plus declining enrollment revenue, basic skills revenue, extended time revenue, pension adjustment revenue, and

transition revenue as though the school were a school district. The general education revenue for each extended time pupil unit equals \$4,794.

(b) Notwithstanding paragraph (a), the general education revenue for an eligible special education charter school as defined in subdivision 5a equals the sum of the amount determined under paragraph (a) and the school's unreimbursed cost as defined in subdivision 5a for educating students not eligible for special education services.

Sec. 5. Minnesota Statutes 2014, section 124D.11, subdivision 5, is amended to read:

Subd. 5. **Special education aid.** (a) Except as provided in subdivision 2, special education aid must be paid to a charter school according to section 125A.76, as though it were a school district.

(b) For fiscal year 2015 and later, the special education aid paid to the charter school shall be adjusted as follows:

(1) if the charter school does not receive general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 125A.11; or

(2) if the charter school receives general education revenue on behalf of the student according to subdivision 1, the aid shall be adjusted as provided in section 127A.47, subdivision 7, paragraphs (b) to ~~(d)~~ (e).

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5a. **Definitions.** (a) For purposes of subdivision 5b, the terms in this subdivision have the meanings given.

(b) "Unreimbursed costs" means the difference between the total cost of educating students at the school and the total of state and federal aids and grants, excluding aid under subdivision 1, paragraph (b), and subdivision 5b.

(c) "Eligible special education charter school" means a charter school:

(1) where the percent of students eligible for special education services equals at least 90 percent of the charter school's total enrollment; and

(2) that submits to the commissioner a preliminary annual budget by June 15 prior to the start of the fiscal year and a revised budget by January 15 of the current fiscal year detailing its unreimbursed costs for educating students eligible and not eligible for special education services.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 7. Minnesota Statutes 2014, section 124D.11, is amended by adding a subdivision to read:

Subd. 5b. **Special education aid for eligible special education charter schools.** (a) Notwithstanding subdivision 5, the special education aid for an eligible special education charter school equals the sum of the school's special education aid under subdivision 5, paragraph (a), and the school's approved unreimbursed cost for educating students eligible for special education services.

(b) The commissioner must review the budget data submitted by an eligible special education charter school under subdivision 5a and notify the school of the approved unreimbursed cost to be used for current aid payments within 30 days of receiving the budget from the school.

(c) For purposes of section 127A.45, subdivision 13, the aid under this subdivision is not subject to the 97.4 percent current fiscal year special education aid entitlement provision.

(d) Final aid payments must be calculated using the actual unreimbursed costs as determined by the department based on year-end financial and student data submitted by the charter school.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 8. Minnesota Statutes 2014, section 125A.01, is amended to read:

**125A.01 DEFINITIONS.**

Subdivision 1. **General application.** For purposes of this chapter, the words defined in section 120A.05 have the same meaning.

Subd. 2. **Dyslexia.** "Dyslexia" means a specific learning disability that is neurological in origin. It is characterized by difficulties with accurate or fluent recognition of words and by poor spelling and decoding abilities. These difficulties typically result from a deficit in the phonological component of language that is often unexpected in relation to other cognitive abilities and the provision of effective classroom instruction. Secondary consequences may include problems in reading comprehension and reduced reading experience that can impede the growth of vocabulary and background knowledge.

Students who have a dyslexia diagnosis must meet the state and federal eligibility criteria in order to qualify for special education services.

Sec. 9. Minnesota Statutes 2014, section 125A.023, subdivision 3, is amended to read:

Subd. 3. **Definitions.** For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

- (1) a health plan under section 62Q.01, subdivision 3;
- (2) a county-based purchasing plan under section 256B.692;
- (3) a self-insured health plan established by a local government under section 471.617; or
- (4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages ~~birth~~ three through 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

- (i) the maternal and child health program under title V of the Social Security Act;
  - (ii) the Minnesota children with special health needs program under sections 144.05 and 144.07;
  - (iii) the Individuals with Disabilities Education Act, Part B, section 619, and Part C as amended;
  - (iv) medical assistance under title 42, chapter 7, of the Social Security Act;
  - (v) developmental disabilities services under chapter 256B;
  - (vi) the Head Start Act under title 42, chapter 105, of the Social Security Act;
  - (vii) vocational rehabilitation services provided under chapters 248 and 268A and the Rehabilitation Act of 1973;
  - (viii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;
  - (ix) Minnesota Comprehensive Children's Mental Health Act under section 245.487;
  - (x) the community health services grants under sections 145.88 to 145.9266;
  - (xi) the Local Public Health Act under chapter 145A; and
  - (xii) the Vulnerable Children and Adults Act, sections 256M.60 to 256M.80;
- (2) service provision and funding that can be coordinated through:
- (i) the children's mental health collaborative under section 245.493;
  - (ii) the family services collaborative under section 124D.23;
  - (iii) the community transition interagency committees under section 125A.22; and
  - (iv) the interagency early intervention committees under section 125A.259;
- (3) financial and other funding programs to be coordinated including medical assistance under title 42, chapter 7, of the Social Security Act, the MinnesotaCare program under chapter 256L, Supplemental Social Security Income, Developmental Disabilities Assistance, and any other employment-related activities associated with the Social Security Administration; and services provided under a health plan in conformity with an individual family service plan or an individualized education program or an individual interagency intervention plan; and
- (4) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from (i) the interagency early intervention committee school board or county board and (ii) the child's parent.
- (d) "Children with disabilities" has the meaning given in section 125A.02.
- (e) A "standardized written plan" means those individual services or programs, with accompanying funding sources, available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individualized education program or the child's individual family service plan.

Sec. 10. Minnesota Statutes 2014, section 125A.023, subdivision 4, is amended to read:

Subd. 4. **State Interagency Committee.** (a) The commissioner of education, on behalf of the governor, shall convene an interagency committee to develop and implement a coordinated, multidisciplinary, interagency intervention service system for children ages three to 21 with disabilities. The commissioners of commerce, education, health, human rights, human services, employment and economic development, and corrections shall each appoint two committee members from their departments; and the Association of Minnesota Counties, Minnesota School Boards Association, the Minnesota Administrators of Special Education, and the School Nurse Association of Minnesota shall each appoint one committee member. The committee shall select a chair from among its members.

(b) The committee shall:

(1) identify and assist in removing state and federal barriers to local coordination of services provided to children with disabilities;

(2) identify adequate, equitable, and flexible funding sources to streamline these services;

(3) develop guidelines for implementing policies that ensure a comprehensive and coordinated system of all state and local agency services, including multidisciplinary assessment practices for children with disabilities ages three to 21, including:

(i) develop, consistent with federal law, a standardized written plan for providing services to a child with disabilities;

(ii) identify how current systems for dispute resolution can be coordinated;

(iii) develop an evaluation process to measure the success of state and local interagency efforts in improving the quality and coordination of services to children with disabilities ages three to 21; and

(iv) develop guidelines to assist the ~~governing boards of the interagency early intervention committees~~ school boards and county boards in carrying out the duties assigned in section 125A.027, subdivision 1, paragraph (b); and

(4) carry out other duties necessary to develop and implement within communities a coordinated, multidisciplinary, interagency intervention service system for children with disabilities.

(c) The committee shall consult on an ongoing basis with the state Special Education Advisory Panel and the governor's Interagency Coordinating Council in carrying out its duties under this section, including assisting the ~~governing school boards of the interagency early intervention committees~~ and county boards.

Sec. 11. Minnesota Statutes 2014, section 125A.027, is amended to read:

**125A.027 INTERAGENCY EARLY INTERVENTION COMMITTEE RESPONSIBILITIES LOCAL AGENCY COORDINATION RESPONSIBILITIES.**

Subdivision 1. ~~Additional duties~~ **School board and county board responsibilities.** (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services and to facilitate payment for services from public and private sources. Appropriate services for children eligible under section 125A.02 and receiving services from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and

other education, medical health, and human services providers. The services provided must conform with a standardized written plan for each eligible child ages three to 21.

(b) Appropriate services include those services listed on a child's standardized written plan. These services are those that are required to be documented on a plan under federal and state law or rule.

(c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages three to 21, may be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements may be developed to establish agency responsibility that ensures that coordinated interagency services are coordinated, provided, and paid for and that payment is facilitated from public and private sources. School boards must provide, pay for, and facilitate payment for special education services as required under sections 125A.03 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph (c), clause (1).

Subd. 1a. **Local governance structure.** (a) The governing school boards of the interagency early intervention committees and county boards are responsible for developing and implementing interagency policies and procedures to coordinate services at the local level for children with disabilities ages three to 21 under guidelines established by the state interagency committee under section 125A.023, subdivision 4. Consistent with the requirements in this section and section 125A.023, the governing school boards of the interagency early intervention committees and county boards may organize as a joint powers board under section 471.59 or enter into an interagency agreement that establishes a governance structure.

(b) The governing board of each interagency early intervention committee as defined in section 125A.30, paragraph (a), which may include a juvenile justice professional, shall:

(1) identify state and federal barriers to local coordination of services provided to children with disabilities;

(2) implement policies that ensure a comprehensive and coordinated system of all state and local agency services, including practices on multidisciplinary assessment, standardized written plans, dispute resolution, and system evaluation for children with disabilities ages three to 21;

(3) coordinate services and facilitate payment for services from public and private institutions, agencies, and health plan companies; and

(4) share needed information consistent with state and federal data practices requirements.

Subd. 2. **Appropriate and necessary services.** (a) Parents, physicians, other health care professionals including school nurses, and education and human services providers jointly must determine appropriate and necessary services for eligible children with disabilities ages three to 21. The services provided to the child under this section must conform with the child's standardized written plan. The governing school board of an interagency early intervention committee or county board must provide those services contained in a child's individualized education program and those services for which a legal obligation exists. Nothing in this section creates an additional right of appeal beyond the rights granted under sections 125A.091, 125A.25, and 256.045.

(b) Nothing in this section or section 125A.023 increases or decreases the obligation of the state, county, regional agency, local school district, or local agency or organization to pay for education, health care, or social services.

(c) A health plan may not exclude any medically necessary covered service solely because the service is or could be identified in a child's individual family service plan, individualized education program, a plan established under section 504 of the federal Rehabilitation Act of 1973, or a student's individual health plan. This paragraph reaffirms the obligation of a health plan company to provide or pay for certain medically necessary covered services, and encourages a health plan company to coordinate this care with any other providers of similar services. Also, a health plan company may not exclude from a health plan any medically necessary covered service such as an assessment or physical examination solely because the resulting information may be used for an individualized education program or a standardized written plan.

~~Subd. 4. **Responsibilities of school and county boards.** (a) It is the joint responsibility of school and county boards to coordinate, provide, and pay for appropriate services, and to facilitate payment for services from public and private sources. Appropriate service for children eligible under section 125A.02 and receiving service from two or more public agencies of which one is the public school must be determined in consultation with parents, physicians, and other education, medical health, and human services providers. The services provided must be in conformity with a standardized written plan for each eligible child ages 3 to 21.~~

~~(b) Appropriate services include those services listed on a child's standardized written plan. These services are those that are required to be documented on a plan under federal and state law or rule.~~

~~(c) School and county boards shall coordinate interagency services. Service responsibilities for eligible children, ages 3 to 21, may be established in interagency agreements or joint powers board agreements. In addition, interagency agreements or joint powers board agreements may be developed to establish agency responsibility that assures that coordinated interagency services are coordinated, provided, and paid for, and that payment is facilitated from public and private sources. School boards must provide, pay for, and facilitate payment for special education services as required under sections 125A.03 and 125A.06. County boards must provide, pay for, and facilitate payment for those programs over which they have service and fiscal responsibility as referenced in section 125A.023, subdivision 3, paragraph (c), clause (1).~~

Sec. 12. Minnesota Statutes 2014, section 125A.08, is amended to read:

**125A.08 INDIVIDUALIZED EDUCATION PROGRAMS.**

(a) At the beginning of each school year, each school district shall have in effect, for each child with a disability, an individualized education program.

(b) As defined in this section, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individualized education program team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in

choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individualized education program. The individualized education program team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individualized education program. The program must address the student's need to develop skills to live and work as independently as possible within the community. The individualized education program team must consider positive behavioral interventions, strategies, and supports that address behavior needs for children with attention deficit disorder or attention deficit hyperactivity disorder. During grade 9, the program must address the student's needs for transition from secondary services to postsecondary education and training, employment, community participation, recreation, and leisure and home living. In developing the program, districts must inform parents of the full range of transitional goals and related services that should be considered. The program must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial evaluation or reevaluation, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(c) For all paraprofessionals employed to work in programs for whose role in part is to provide direct support to students with disabilities, the school board in each district shall ensure that:

(1) before or ~~immediately upon~~ beginning at the time of employment, each paraprofessional ~~develops~~ must develop sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs, especially disability-specific and behavioral needs, of the students with whom the paraprofessional works;

(2) annual training opportunities are ~~available~~ required to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, the unique and individual needs of each student according to the student's disability and how the disability affects the student's education and behavior, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 13. **[125A.083] STUDENT INFORMATION SYSTEMS; TRANSFERRING RECORDS.**

To efficiently and effectively meet federal and state compliance and accountability requirements using an online case management reporting system, school districts may contract only for a student information system that is Schools Interoperability Framework compliant and compatible with the online system for compliance reporting under section 125A.085 beginning in the 2018-2019 school year and later. A district's information system under this section must facilitate the seamless transfer of student records for a student with disabilities who transfers between school districts, including records containing the student's evaluation report, service plan, and other due process forms and information, regardless of what information system any one district uses.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all district contracts with student information system vendors entered into or modified after that date.

Sec. 14. Minnesota Statutes 2014, section 125A.085, is amended to read:

**125A.085 ONLINE REPORTING OF REQUIRED DATA.**

(a) To ensure a strong focus on outcomes for children with disabilities informs federal and state compliance and accountability requirements and to increase opportunities for special educators and related-services providers to focus on teaching children with disabilities, the commissioner must customize a streamlined, user-friendly statewide online system, with a single model online form, for effectively and efficiently collecting and reporting required special education-related data to individuals with a legitimate educational interest and who are authorized by law to access the data.

(b) The commissioner must consult with qualified experts, including information technology specialists, licensed special education teachers and directors of special education, related-services providers, third-party vendors, a designee of the commissioner of human services, parents of children with disabilities, representatives of advocacy groups representing children with disabilities, and representatives of school districts and special education cooperatives on integrating, field testing, customizing, and sustaining this simple, easily accessible, efficient, and effective online data system for uniform statewide reporting of required due process compliance data. Among other outcomes, the system must:

(1) reduce special education teachers' paperwork burden and thereby increase the teachers' opportunities to focus on teaching children;

(2) to the extent authorized by chapter 13 or other applicable state or federal law governing access to and dissemination of educational records, provide for efficiently and effectively transmitting the

records of all transferring children with disabilities, including highly mobile and homeless children with disabilities, among others, and avoid fragmented service delivery;

(3) address language and other barriers and disparities that prevent parents from understanding and communicating information about the needs of their children with disabilities; and

(4) help continuously improve the interface among the online systems serving children with disabilities in order to maintain and reinforce the children's ability to learn.

(c) The commissioner must use the federal Office of Special Education Programs model forms for the (1) individualized education program, (2) notice of procedural safeguards, and (3) prior written notice that are consistent with Part B of IDEA to integrate and customize a state-sponsored universal special education online case management system, consistent with the requirements of state law and this section for customizing a statewide online reporting system. The commissioner must use a request for proposal process to contract for the technology and software needed for customizing the online system in order for the system to be fully functional, consistent with the requirements of this section. This online system must be made available to school districts without charge beginning in the 2015-2016 school year. For the 2015-2016 through 2017-2018 and later school years, school districts may use this online system or may contract with an outside vendor for compliance reporting. ~~Beginning in the 2018-2019 school year and later, school districts must use this online system for compliance reporting.~~

(d) All data on individuals maintained in the statewide reporting system are classified as provided in chapter 13 or other applicable state or federal law. An authorized individual's ability to enter, update, or access data must be limited through the use of role-based access codes corresponding to that individual's official duties or training level, and the statutory authorization that grants access for a particular purpose. Any action in which data in the system are entered, updated, accessed, or shared or disseminated outside of the system must be recorded in an audit trail. The audit trail must identify the specific user responsible for the action, the date and time the action occurred, and the purpose for the action. Data contained in the audit trail maintain the same classification as the underlying data affected by the action, provided the responsible authority makes the data available to a student or the student's parent upon request, and the responsible authority may access the data to audit the system's user activity and security safeguards. Before entering data on a student, the responsible authority must provide the student or the student's parent written notice of the data practices rights and responsibilities required by this section and a reasonable opportunity to refuse consent to have the student's data included in the system. Upon receiving the student or the student's parent written refusal to consent, the school district must not enter data on that student into the system and must delete any existing data on that student currently in the system.

(e) Consistent with this section, the commissioner must establish a public Internet Web interface to provide information to educators, parents, and the public about the form and content of required special education reports, to respond to queries from educators, parents, and the public about specific aspects of special education reports and reporting, and to use the information garnered from the interface to streamline and revise special education reporting on the online system under this section. The public Internet Web interface must have a prominently linked page describing the rights and responsibilities of students and parents whose data are included in the statewide reporting system, and include information on the data practices rights of students and parents provided by this section and a form students or parents may use to refuse consent to have a student's data included in the

system. The public Internet Web interface must not provide access to the educational records of any individual child.

(f) The commissioner annually by February 1 must submit to the legislature a report on the status, recent changes, and sustainability of the online system under this section.

Sec. 15. Minnesota Statutes 2014, section 125A.0942, subdivision 3, is amended to read:

Subd. 3. **Physical holding or seclusion.** (a) Physical holding or seclusion may be used only in an emergency. A school that uses physical holding or seclusion shall meet the following requirements:

(1) physical holding or seclusion is the least intrusive intervention that effectively responds to the emergency;

(2) physical holding or seclusion is not used to discipline a noncompliant child;

(3) physical holding or seclusion ends when the threat of harm ends and the staff determines the child can safely return to the classroom or activity;

(4) staff directly observes the child while physical holding or seclusion is being used;

(5) each time physical holding or seclusion is used, the staff person who implements or oversees the physical holding or seclusion documents, as soon as possible after the incident concludes, the following information:

(i) a description of the incident that led to the physical holding or seclusion;

(ii) why a less restrictive measure failed or was determined by staff to be inappropriate or impractical;

(iii) the time the physical holding or seclusion began and the time the child was released; and

(iv) a brief record of the child's behavioral and physical status;

(6) the room used for seclusion must:

(i) be at least six feet by five feet;

(ii) be well lit, well ventilated, adequately heated, and clean;

(iii) have a window that allows staff to directly observe a child in seclusion;

(iv) have tamperproof fixtures, electrical switches located immediately outside the door, and secure ceilings;

(v) have doors that open out and are unlocked, locked with keyless locks that have immediate release mechanisms, or locked with locks that have immediate release mechanisms connected with a fire and emergency system; and

(vi) not contain objects that a child may use to injure the child or others;

(7) before using a room for seclusion, a school must:

(i) receive written notice from local authorities that the room and the locking mechanisms comply with applicable building, fire, and safety codes; and

(ii) register the room with the commissioner, who may view that room; and

(8) until August 1, 2015, a school district may use prone restraints with children age five or older if:

(i) the district has provided to the department a list of staff who have had specific training on the use of prone restraints;

(ii) the district provides information on the type of training that was provided and by whom;

(iii) only staff who received specific training use prone restraints;

(iv) each incident of the use of prone restraints is reported to the department within five working days on a form provided by the department; and

(v) the district, before using prone restraints, must review any known medical or psychological limitations that contraindicate the use of prone restraints.

The department must collect data on districts' use of prone restraints and publish the data in a readily accessible format on the department's Web site on a quarterly basis.

(b) By February 1, 2015, and annually thereafter, stakeholders must may, as necessary, recommend to the commissioner specific and measurable implementation and outcome goals for reducing the use of restrictive procedures and the commissioner must submit to the legislature a report on districts' progress in reducing the use of restrictive procedures that recommends how to further reduce these procedures and eliminate the use of prone restraints. The statewide plan includes the following components: measurable goals; the resources, training, technical assistance, mental health services, and collaborative efforts needed to significantly reduce districts' use of prone restraints; and recommendations to clarify and improve the law governing districts' use of restrictive procedures. The commissioner must consult with interested stakeholders when preparing the report, including representatives of advocacy organizations, special education directors, teachers, paraprofessionals, intermediate school districts, school boards, day treatment providers, county social services, state human services department staff, mental health professionals, and autism experts. By June 30 each year, districts must report summary data on their use of restrictive procedures to the department, in a form and manner determined by the commissioner. The summary data must include information about the use of restrictive procedures, including use of reasonable force under section 121A.582.

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

Sec. 16. Minnesota Statutes 2014, section 125A.11, subdivision 1, is amended to read:

Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2015 and later, when a school district provides special instruction and services for a pupil with a disability as defined in section 125A.02 outside the district of residence, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.47, subdivision 7, paragraphs (b) to (d), special education aid paid to the resident district must be reduced by an amount equal to (1) the actual cost of providing special instruction and services to the pupil, including a proportionate amount for special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, plus (2) the amount of general education revenue and referendum equalization aid attributable to that pupil, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue,

minus (3) the amount of special education aid for children with a disability under section 125A.76 received on behalf of that child, minus (4) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, attributable to that pupil for the portion of time the pupil receives special instruction and services outside of the regular classroom, calculated using the resident district's average general education revenue and referendum equalization aid per adjusted pupil unit excluding basic skills revenue, elementary sparsity revenue and secondary sparsity revenue and the serving district's basic skills revenue, elementary sparsity revenue and secondary sparsity revenue per adjusted pupil unit. Notwithstanding clauses (1) and (4), for pupils served by a cooperative unit without a fiscal agent school district, the general education revenue and referendum equalization aid attributable to a pupil must be calculated using the resident district's average general education revenue and referendum equalization aid excluding compensatory revenue, elementary sparsity revenue, and secondary sparsity revenue. Special education aid paid to the district or cooperative providing special instruction and services for the pupil must be increased by the amount of the reduction in the aid paid to the resident district. Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision 7, shall be recognized and reported as revenues and expenditures on the resident school district's books of account under sections 123B.75 and 123B.76. If the resident district's special education aid is insufficient to make the full adjustment, the remaining adjustment shall be made to other state aid due to the district.

(b) Notwithstanding paragraph (a), when a charter school receiving special education aid under section 124D.11, subdivision 5b, provides special instruction and services for a pupil with a disability as defined in section 125A.02, excluding a pupil for whom an adjustment to special education aid is calculated according to section 127A.46, subdivision 7, paragraphs (b) to (e), special education aid paid to the resident district must be reduced by an amount equal to that calculated under paragraph (a) as if the charter school received aid under section 124D.11, subdivision 5. Notwithstanding paragraph (a), special education aid paid to the charter school providing special instruction and services for the pupil must not be increased by the amount of the reduction in the aid paid to the resident district.

(c) Notwithstanding paragraph (a) and section 127A.47, subdivision 7, paragraphs (b) to (d), a charter school where more than 30 percent of enrolled students receive special education and related services, a site approved under section 125A.515, an intermediate district, a special education cooperative, or a school district that served as the applicant agency for a group of school districts for federal special education aids for fiscal year 2006 may apply to the commissioner for authority to charge the resident district an additional amount to recover any remaining unreimbursed costs of serving pupils with a disability. The application must include a description of the costs and the calculations used to determine the unreimbursed portion to be charged to the resident district. Amounts approved by the commissioner under this paragraph must be included in the tuition billings or aid adjustments under paragraph (a), or section 127A.47, subdivision 7, paragraphs (b) to (d), as applicable.

(e) (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraph (b), "general education revenue and referendum equalization aid" means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding the local optional levy

according to section 126C.10, subdivision 2e, paragraph (c), plus the referendum equalization aid according to section 126C.17, subdivision 7.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 17. Minnesota Statutes 2014, section 125A.21, is amended to read:

**125A.21 THIRD-PARTY PAYMENT.**

Subdivision 1. **Obligation to pay.** Nothing in sections 125A.03 to 125A.24 and 125A.65 relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family. A school district shall pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26. Eligible expenditures must not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the school district. A school district may pay or reimburse co-payments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan or individualized family service plan.

Subd. 2. **Third-party reimbursement.** (a) Beginning July 1, 2000, districts shall seek reimbursement from insurers and similar third parties for the cost of services provided by the district whenever the services provided by the district are otherwise covered by the child's health coverage. Districts shall request, but may not require, the child's family to provide information about the child's health coverage when a child with a disability begins to receive services from the district of a type that may be reimbursable, and shall request, but may not require, updated information after that as needed.

(b) For children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health coverage, a district shall provide an initial and annual written notice to the enrolled child's parent or legal representative of its intent to seek reimbursement from medical assistance or MinnesotaCare for the individualized education program or individualized family service plan health-related services provided by the district. The initial notice must give the child's parent or legal representative the right to request a copy of the child's education records on the health-related services that the district provided to the child and disclosed to a third-party payer.

(c) The district shall give the parent or legal representative annual written notice of:

(1) the district's intent to seek reimbursement from medical assistance or MinnesotaCare for individualized education program or individualized family service plan health-related services provided by the district;

(2) the right of the parent or legal representative to request a copy of all records concerning individualized education program or individualized family service plan health-related services disclosed by the district to any third party; and

(3) the right of the parent or legal representative to withdraw consent for disclosure of a child's records at any time without consequence.

The written notice shall be provided as part of the written notice required by Code of Federal Regulations, title 34, section 300.504 or 303.520. The district must ensure that the parent of a

child with a disability is given notice, in understandable language, of federal and state procedural safeguards available to the parent under this paragraph and paragraph (b).

(d) In order to access the private health care coverage of a child who is covered by private health care coverage in whole or in part, a district must:

(1) obtain annual written informed consent from the parent or legal representative, in compliance with subdivision 5; and

(2) inform the parent or legal representative that a refusal to permit the district or state Medicaid agency to access their private health care coverage does not relieve the district of its responsibility to provide all services necessary to provide free and appropriate public education at no cost to the parent or legal representative.

(e) If the commissioner of human services obtains federal approval to exempt covered individualized education program or individualized family service plan health-related services from the requirement that private health care coverage refuse payment before medical assistance may be billed, paragraphs (b), (c), and (d) shall also apply to students with a combination of private health care coverage and health care coverage through medical assistance or MinnesotaCare.

(f) In the event that Congress or any federal agency or the Minnesota legislature or any state agency establishes lifetime limits, limits for any health care services, cost-sharing provisions, or otherwise provides that individualized education program or individualized family service plan health-related services impact benefits for persons enrolled in medical assistance or MinnesotaCare, the amendments to this subdivision adopted in 2002 are repealed on the effective date of any federal or state law or regulation that imposes the limits. In that event, districts must obtain informed consent consistent with this subdivision as it existed prior to the 2002 amendments and subdivision 5, before seeking reimbursement for children enrolled in medical assistance under chapter 256B or MinnesotaCare under chapter 256L who have no other health care coverage.

**Subd. 3. Use of reimbursements.** Of the reimbursements received, districts may:

(1) retain an amount sufficient to compensate the district for its administrative costs of obtaining reimbursements;

(2) regularly obtain from education- and health-related entities training and other appropriate technical assistance designed to improve the district's ability to access third-party payments for individualized education program or individualized family service plan health-related services; or

(3) reallocate reimbursements for the benefit of students with individualized education programs or ~~individual~~ individualized family service plans in the district.

**Subd. 4. Parents not obligated to use health coverage.** To the extent required by federal law, a school district may not require parents of children with disabilities, if they would incur a financial cost, to use private or public health coverage to pay for the services that must be provided under an individualized education program or individualized family service plan.

**Subd. 5. Informed consent.** When obtaining informed consent, consistent with sections 13.05, subdivision 4a; 256B.77, subdivision 2, paragraph (p); and Code of Federal Regulations, title 34, parts 99 and, 300, and 303, to bill health plans for covered services, the school district must notify the legal representative (1) that the cost of the person's private health insurance premium may increase due to providing the covered service in the school setting, (2) that the school district

may pay certain enrollee health plan costs, including but not limited to, co-payments, coinsurance, deductibles, premium increases or other enrollee cost-sharing amounts for health and related services required by an individual service plan, or ~~individual~~ individualized family service plan, and (3) that the school's billing for each type of covered service may affect service limits and prior authorization thresholds. The informed consent may be revoked in writing at any time by the person authorizing the billing of the health plan.

Subd. 6. **District obligation to provide service.** To the extent required by federal law, no school district may deny, withhold, or delay any service that must be provided under an individualized education program or individualized family service plan because a family has refused to provide informed consent to bill a health plan for services or a health plan company has refused to pay any, all, or a portion of the cost of services billed.

Subd. 7. **District disclosure of information.** A school district may disclose information contained in a student's individualized education program, consistent with section 13.32, subdivision 3, paragraph (a), and Code of Federal Regulations, title 34, parts 99 ~~and~~ 300, ~~and~~ 303; including records of the student's diagnosis and treatment, to a health plan company only with the signed and dated consent of the student's parent, or other legally authorized individual. The school district shall disclose only that information necessary for the health plan company to decide matters of coverage and payment. A health plan company may use the information only for making decisions regarding coverage and payment, and for any other use permitted by law.

Sec. 18. Minnesota Statutes 2014, section 125A.28, is amended to read:

**125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

An Interagency Coordinating Council of at least 17, but not more than 25 members is established, in compliance with Public Law 108-446, section 641. The members must be appointed by the governor and reasonably represent the population of Minnesota. Council members must elect the council chair, who may not be a representative of the Department of Education. The council must be composed of at least five parents, including persons of color, of children with disabilities under age 12, including at least three parents of a child with a disability under age seven, five representatives of public or private providers of services for children with disabilities under age five, including a special education director, county social service director, local Head Start director, and a community health services or public health nursing administrator, one member of the senate, one member of the house of representatives, one representative of teacher preparation programs in early childhood-special education or other preparation programs in early childhood intervention, at least one representative of advocacy organizations for children with disabilities under age five, one physician who cares for young children with special health care needs, one representative each from the commissioners of commerce, education, health, human services, a representative from the state agency responsible for child care, foster care, mental health, homeless coordinator of education of homeless children and youth, and a representative from Indian health services or a tribal council. Section 15.059, subdivisions 2 to 4, apply to the council. The council must meet at least quarterly.

The council must address methods of implementing the state policy of developing and implementing comprehensive, coordinated, multidisciplinary interagency programs of early intervention services for children with disabilities and their families.

The duties of the council include recommending policies to ensure a comprehensive and coordinated system of all state and local agency services for children under age five with disabilities

and their families. The policies must address how to incorporate each agency's services into a unified state and local system of multidisciplinary assessment practices, individual intervention plans, comprehensive systems to find children in need of services, methods to improve public awareness, and assistance in determining the role of interagency early intervention committees.

~~On the date that Minnesota Part C Annual Performance Report is submitted to~~ Within 30 days of receiving the annual determination from the federal Office of Special Education on the Minnesota Part C Annual Performance Report, the council must recommend to the governor and the commissioners of education, health, human services, commerce, and employment and economic development policies for a comprehensive and coordinated system.

Annually, the council must prepare and submit a report to the governor and the secretary of the federal Department of Education on the status of early intervention services and programs for infants and toddlers with disabilities and their families under the Individuals with Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part C, Public Law 102-119), as operated in Minnesota. The Minnesota Part C annual performance report may serve as the report.

Notwithstanding any other law to the contrary, the State Interagency Coordinating Council does not expire unless federal law no longer requires the existence of the council or committee.

Sec. 19. Minnesota Statutes 2014, section 125A.63, subdivision 2, is amended to read:

Subd. 2. **Programs.** (a) ~~The resource centers department~~ must offer summer institutes or other training programs throughout the state for deaf or hard-of-hearing, blind or visually impaired, and multiply disabled pupils. ~~The resource centers department~~ must also offer workshops for teachers, and leadership development for teachers.

~~A program~~ (b) Training and workshop programs offered ~~through the resource centers under paragraph (a)~~ must help promote and develop education programs offered by school districts or other organizations. ~~The program programs~~ must assist school districts or other organizations to develop innovative programs.

Sec. 20. Minnesota Statutes 2014, section 125A.63, subdivision 3, is amended to read:

Subd. 3. **Programs by nonprofits.** ~~The resource centers department~~ may contract to have nonprofit organizations provide programs ~~through the resource centers under subdivision 2.~~

Sec. 21. Minnesota Statutes 2014, section 125A.63, subdivision 4, is amended to read:

Subd. 4. **Advisory committees.** (a) The commissioner shall establish ~~an advisory committee committees~~ for each resource center the deaf and hard-of-hearing and for the blind and visually impaired. The advisory committees shall develop recommendations ~~regarding the resource centers~~ and submit an annual report to the commissioner on the form and in the manner prescribed by the commissioner.

(b) ~~The advisory committee for the Resource Center committees~~ for the deaf and hard of hearing and for the blind and visually impaired shall meet periodically at least four times per year and each submit an annual report to the commissioner, the education policy and finance committees of the legislature, and the Commission of Deaf, DeafBlind, and Hard-of-Hearing Hard-of-Hearing Minnesotans. ~~The report reports~~ must, at least:

(1) identify and report the aggregate, data-based education outcomes for children with the primary disability classification of deaf and hard of hearing or of blind and visually impaired, consistent with the commissioner's child count reporting practices, the commissioner's state and local outcome data reporting system by district and region, and the school performance report cards under section 120B.36, subdivision 1; and

(2) describe the implementation of a data-based plan for improving the education outcomes of deaf and hard of hearing or blind and visually impaired children that is premised on evidence-based best practices, and provide a cost estimate for ongoing implementation of the plan.

Sec. 22. Minnesota Statutes 2014, section 125A.63, subdivision 5, is amended to read:

Subd. 5. **Statewide hearing loss early education intervention coordinator.** (a) The coordinator shall:

(1) collaborate with the early hearing detection and intervention coordinator for the Department of Health, ~~the director of the Department of Education Resource Center for Deaf and Hard-of-Hearing~~ deaf and hard-of-hearing state specialist, and the Department of Health Early Hearing Detection and Intervention Advisory Council;

(2) coordinate and support Department of Education early hearing detection and intervention teams;

(3) leverage resources by serving as a liaison between interagency early intervention committees; part C coordinators from the Departments of Education, Health, and Human Services; Department of Education regional low-incidence facilitators; service coordinators from school districts; Minnesota children with special health needs in the Department of Health; public health nurses; child find; Department of Human Services Deaf and Hard-of-Hearing Services Division; and others as appropriate;

(4) identify, support, and promote culturally appropriate and evidence-based early intervention practices for infants with hearing loss, and provide training, outreach, and use of technology to increase consistency in statewide service provision;

(5) identify culturally appropriate specialized reliable and valid instruments to assess and track the progress of children with hearing loss and promote their use;

(6) ensure that early childhood providers, parents, and members of the individual family service and intervention plan are provided with child progress data resulting from specialized assessments;

(7) educate early childhood providers and teachers of the deaf and hard-of-hearing to use developmental data from specialized assessments to plan and adjust individual family service plans; and

(8) make recommendations that would improve educational outcomes to the early hearing detection and intervention committee, the commissioners of education and health, the Commission of Deaf, DeafBlind and Hard-of-Hearing Minnesotans, and the advisory council ~~of the Minnesota Department of Education Resource Center~~ for the deaf and hard-of-hearing.

(b) The Department of Education must provide aggregate data regarding outcomes of deaf and hard-of-hearing children who receive early intervention services within the state in accordance with the state performance plan.

Sec. 23. Minnesota Statutes 2014, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 125A.79, the definitions in this subdivision apply.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Essential personnel" means teachers, cultural liaisons, related services, and support services staff providing services to students. Essential personnel may also include special education paraprofessionals or clericals providing support to teachers and students by preparing paperwork and making arrangements related to special education compliance requirements, including parent meetings and individualized education programs. Essential personnel does not include administrators and supervisors.

(d) "Average daily membership" has the meaning given it in section 126C.05.

(e) "Program growth factor" means 1.046 for fiscal years 2012 through 2015, 1.0 for fiscal year 2016, 1.046 for fiscal year 2017, and the product of 1.046 and the program growth factor for the previous year for fiscal year 2018 and later.

(f) "Nonfederal special education expenditure" means all direct expenditures that are necessary and essential to meet the district's obligation to provide special instruction and services to children with a disability according to sections 124D.454, 125A.03 to 125A.24, 125A.259 to 125A.48, and 125A.65 as submitted by the district and approved by the department under section 125A.75, subdivision 4, excluding expenditures:

- (1) reimbursed with federal funds;
- (2) reimbursed with other state aids under this chapter;
- (3) for general education costs of serving students with a disability;
- (4) for facilities;
- (5) for pupil transportation; and
- (6) for postemployment benefits.

(g) "Old formula special education expenditures" means expenditures eligible for revenue under Minnesota Statutes 2012, section 125A.76, subdivision 2.

(h) For the Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind, expenditures under paragraphs (f) and (g) are limited to the salary and fringe benefits of one-to-one instructional and behavior management aides and one-to-one licensed, certified professionals assigned to a child attending the academy, if the aides or professionals are required by the child's individualized education program.

(i) "Cross subsidy reduction aid percentage" means 1.0 percent for fiscal year 2014 and 2.27 percent for fiscal year 2015.

(j) "Cross subsidy reduction aid limit" means \$20 for fiscal year 2014 and \$48 for fiscal year 2015.

(k) "Special education aid increase limit" means \$80 for fiscal year 2016, \$100 for fiscal year 2017, and, for fiscal year 2018 and later, the sum of the special education aid increase limit for the previous fiscal year and \$40.

(l) "District" means a school district, a charter school, or a cooperative unit as defined in section 123A.24, subdivision 2. Notwithstanding section 123A.26, cooperative units as defined in section 123A.24, subdivision 2, are eligible to receive special education aid under this section and section 125A.79.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 24. Minnesota Statutes 2014, section 125A.76, subdivision 2c, is amended to read:

Subd. 2c. **Special education aid.** (a) For fiscal year 2014 and fiscal year 2015, a district's special education aid equals the sum of the district's special education aid under subdivision 5, the district's cross subsidy reduction aid under subdivision 2b, and the district's excess cost aid under section 125A.79, subdivision 7.

(b) For fiscal year 2016 and later, a district's special education aid equals the sum of the district's special education initial aid under subdivision 2a and the district's excess cost aid under section 125A.79, subdivision 5.

(c) Notwithstanding paragraph (b), for fiscal year 2016, the special education aid for a school district must not exceed the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, and the product of the district's average daily membership served and the special education aid increase limit.

(d) Notwithstanding paragraph (b), for fiscal year 2017 and later, the special education aid for a school district must not exceed the sum of: (i) the product of the district's average daily membership served and the special education aid increase limit and (ii) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's average daily membership served for the current fiscal year to the district's average daily membership served for fiscal year 2016, and the program growth factor.

(e) Notwithstanding paragraph (b), for fiscal year 2016 and later the special education aid for a school district, not including a charter school or cooperative unit as defined in section 123A.24, must not be less than the lesser of (1) the district's nonfederal special education expenditures for that fiscal year or (2) the product of the sum of the special education aid the district would have received for fiscal year 2016 under Minnesota Statutes 2012, sections 125A.76 and 125A.79, as adjusted according to Minnesota Statutes 2012, sections 125A.11 and 127A.47, subdivision 7, the ratio of the district's adjusted daily membership for the current fiscal year to the district's average daily membership for fiscal year 2016, and the program growth factor.

(f) Notwithstanding subdivision 2a and section 125A.79, a charter school in its first year of operation shall generate special education aid based on current year data. A newly formed cooperative unit as defined in section 123A.24 may apply to the commissioner for approval to generate special education aid for its first year of operation based on current year data, with an

offsetting adjustment to the prior year data used to calculate aid for programs at participating school districts or previous cooperatives that were replaced by the new cooperative.

Sec. 25. Minnesota Statutes 2014, section 125A.79, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this subdivision apply.

(a) "Unreimbursed old formula special education expenditures" means:

(1) old formula special education expenditures for the prior fiscal year; minus

(2) for fiscal years 2014 and 2015, the sum of the special education aid under section 125A.76, subdivision 5, for the prior fiscal year and the cross subsidy reduction aid under section 125A.76, subdivision 2b, and for fiscal year 2016 and later, the special education initial aid under section 125A.76, subdivision 2a; minus

(3) for fiscal year 2016 and later, the amount of general education revenue, excluding local optional revenue, plus local optional aid and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(b) "Unreimbursed nonfederal special education expenditures" means:

(1) nonfederal special education expenditures for the prior fiscal year; minus

(2) special education initial aid under section 125A.76, subdivision 2a; minus

(3) the amount of general education revenue and referendum equalization aid for the prior fiscal year attributable to pupils receiving special instruction and services outside the regular classroom for more than 60 percent of the school day for the portion of time the pupils receive special instruction and services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation.

(c) "General revenue" for a school district means the sum of the general education revenue according to section 126C.10, subdivision 1, excluding transportation sparsity revenue, local optional revenue, and total operating capital revenue. "General revenue" for a charter school means the sum of the general education revenue according to section 124D.11, subdivision 1, and transportation revenue according to section 124D.11, subdivision 2, excluding referendum equalization aid, transportation sparsity revenue, and operating capital revenue.

Sec. 26. Minnesota Statutes 2014, section 125A.79, subdivision 5, is amended to read:

Subd. 5. **Excess cost aid.** For fiscal year 2016 and later, a district's excess cost aid equals the greater of:

(1) 56 percent of the difference between (i) the district's unreimbursed nonfederal special education expenditures and (ii) 7.0 percent of the product of the ratio of \$5,831 to the formula allowance for the current year and the district's general revenue;

(2) 62 percent of the difference between (i) the district's unreimbursed old formula special education expenditures and (ii) 2.5 percent of the product of the ratio of \$5,831 to the formula allowance for the current year and the district's general revenue; or

(3) zero.

Sec. 27. Minnesota Statutes 2014, section 127A.45, subdivision 3, is amended to read:

Subd. 3. **Payment dates and percentages.** (a) The commissioner shall pay to a district on the dates indicated an amount computed as follows: the cumulative amount guaranteed minus the sum of (1) the district's other district receipts through the current payment, and (2) the aid and credit payments through the immediately preceding payment. For purposes of this computation, the payment dates and the cumulative disbursement percentages are as follows:

	Payment date	Percentage
Payment 1	July 15:	5.5
Payment 2	July 30:	8.0
Payment 3	August 15:	17.5
Payment 4	August 30:	20.0
Payment 5	September 15:	22.5
Payment 6	September 30:	25.0
Payment 7	October 15:	27.0
Payment 8	October 30:	30.0
Payment 9	November 15:	32.5
Payment 10	November 30:	36.5
Payment 11	December 15:	42.0
Payment 12	December 30:	45.0
Payment 13	January 15:	50.0
Payment 14	January 30:	54.0
Payment 15	February 15:	58.0
Payment 16	February 28:	63.0
Payment 17	March 15:	68.0
Payment 18	March 30:	74.0
Payment 19	April 15:	78.0
Payment 20	April 30:	85.0
Payment 21	May 15:	90.0
Payment 22	May 30:	95.0
Payment 23	June 20:	100.0

(b) In addition to the amounts paid under paragraph (a), the commissioner shall pay to a school district or charter school on the dates indicated an amount computed as follows:

Payment 3	August 15: the final adjustment for the prior fiscal year for the state paid property tax credits established in section 273.1392
Payment 4	August 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 6	September 30: 40 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits
Payment 8	October 30: 30 percent of the final adjustment for the prior fiscal year for all aid entitlements except state paid property tax credits

(c) Notwithstanding paragraph (b), if the current year aid payment percentage under subdivision 2, paragraph (d), is less than 90, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

Payment 1	July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements
Payment 8	October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements

(d) Notwithstanding paragraph (b), if a charter school is an eligible special education charter school under section 124D.11, subdivision 5a, in addition to the amounts paid under paragraph (a), the commissioner shall pay to a charter school on the dates indicated an amount computed as follows:

<u>Payment 1</u>	<u>July 15: 75 percent of the final adjustment for the prior fiscal year for all aid entitlements</u>
<u>Payment 8</u>	<u>October 30: 25 percent of the final adjustment for the prior fiscal year for all aid entitlements</u>

Sec. 28. Minnesota Statutes 2014, section 127A.47, subdivision 7, is amended to read:

Subd. 7. **Alternative attendance programs.** (a) The general education aid and special education aid for districts must be adjusted for each pupil attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.08, and 124D.68. The adjustments must be made according to this subdivision.

(b) For purposes of this subdivision, the "unreimbursed cost of providing special education and services" means the difference between: (1) the actual cost of providing special instruction and services, including special transportation and unreimbursed building lease and debt service costs for facilities used primarily for special education, for a pupil with a disability, as defined in section 125A.02, or a pupil, as defined in section 125A.51, who is enrolled in a program listed in this subdivision, minus (2) if the pupil receives special instruction and services outside the regular classroom for more than 60 percent of the school day, the amount of general education revenue and referendum equalization aid as defined in section 125A.11, subdivision 1, paragraph (e) ~~(d)~~, attributable to that pupil for the portion of time the pupil receives special instruction and

services outside of the regular classroom, excluding portions attributable to district and school administration, district support services, operations and maintenance, capital expenditures, and pupil transportation, minus (3) special education aid under section 125A.76 attributable to that pupil, that is received by the district providing special instruction and services. For purposes of this paragraph, general education revenue and referendum equalization aid attributable to a pupil must be calculated using the serving district's average general education revenue and referendum equalization aid per adjusted pupil unit.

(c) For fiscal year 2015 and later, special education aid paid to a resident district must be reduced by an amount equal to 90 percent of the unreimbursed cost of providing special education and services.

(d) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced by an amount equal to 100 percent of the unreimbursed cost of special education and services provided to students at an intermediate district, cooperative, or charter school where the percent of students eligible for special education services is at least 70 percent of the charter school's total enrollment.

(e) Notwithstanding paragraph (c), special education aid paid to a resident district must be reduced under paragraph (d) for students at a charter school receiving special education aid under section 124D.11, subdivision 5b, calculated as if the charter school received special education aid under section 124D.11, subdivision 5.

(e) (f) Special education aid paid to the district or cooperative providing special instruction and services for the pupil, or to the fiscal agent district for a cooperative, must be increased by the amount of the reduction in the aid paid to the resident district under paragraphs (c) and (d). If the resident district's special education aid is insufficient to make the full adjustment under paragraphs (c), (d), and (e), the remaining adjustment shall be made to other state aids due to the district.

(g) Notwithstanding paragraph (a), general education aid paid to the resident district of a nonspecial education student for whom an eligible special education charter school receives general education aid under section 124D.11, subdivision 1, paragraph (b), must be reduced by an amount equal to the difference between the general education aid attributable to the student under section 124D.11, subdivision 1, paragraph (b), and the general education aid that the student would have generated for the charter school under section 124D.11, subdivision 1, paragraph (a). For purposes of this paragraph, "nonspecial education student" means a student who does not meet the definition of pupil with a disability, as defined in section 125A.02 or the definition of a pupil in section 125A.51.

(f) (h) An area learning center operated by a service cooperative, intermediate district, education district, or a joint powers cooperative may elect through the action of the constituent boards to charge the resident district tuition for pupils rather than to have the general education revenue paid to a fiscal agent school district. Except as provided in paragraph (e) (f), the district of residence must pay tuition equal to at least 90 and no more than 100 percent of the district average general education revenue per pupil unit minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0466, calculated without compensatory revenue, local optional revenue, and transportation sparsity revenue, times the number of pupil units for pupils attending the area learning center.

**EFFECTIVE DATE.** This section is effective for fiscal year 2016 and later.

Sec. 29. **SPECIAL EDUCATION EVALUATION.**

**Subdivision 1. Special education teachers' compliance with legal requirements.** The Department of Education must identify ways to give teachers working with eligible children with disabilities sufficient written and online resources to make informed decisions about how to effectively comply with legal requirements related to providing special education programs and services, including writing individualized education programs and related documents, among other requirements. The department must work collaboratively with teachers working with eligible children with disabilities, other school and district staff, and representatives of affected organizations, including Education Minnesota, Minnesota School Boards Association, and Minnesota Administrators of Special Education, among others, to identify obstacles to and solutions for teachers' confusion about complying with legal requirements governing special education programs and services. The department must work with schools and districts to provide staff development training to better comply with applicable legal requirements while meeting the educational needs and improving the educational progress of eligible children with disabilities.

**Subd. 2. Efficiencies to reduce paperwork.** The Department of Education, in collaboration with teachers and administrators working with eligible children with disabilities in schools and districts, must identify strategies to effectively decrease the amount of time teachers spend completing paperwork for special education programs and services, evaluate whether the strategies are cost-effective, and determine whether other schools and districts are able to effectively use the strategies given available staff and resources. Where an evaluation shows that particular paperwork reduction strategies are cost-effective without undermining the purpose of the paperwork or the integrity of special education requirements, the department must electronically disseminate and promote the strategies to other schools and districts throughout the state.

**Subd. 3. Special education forms; reading level.** The Department of Education must determine the current reading level of its special education forms, establish a target reading level for such forms, and, based on that target level, determine whether alternative forms are needed to accommodate the lexical and sublexical cognitive processes of individual form users and readers. The department must work with interested special education stakeholders and reading experts in making the determinations and identification required in this subdivision.

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

Sec. 30. **APPROPRIATIONS.**

**Subdivision 1. Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

**Subd. 2. Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	<u>1,170,877,000</u>	.....	<u>2016</u>
\$	<u>1,229,758,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$137,932,000 for 2015 and \$1,032,945,000 for 2016.

The 2017 appropriation includes \$145,407,000 for 2016 and \$1,084,351,000 for 2017.

Subd. 3. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	<u>361,000</u>	.....	<u>2016</u>
\$	<u>371,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$35,000 for 2015 and \$326,000 for 2016.

The 2017 appropriation includes \$36,000 for 2016 and \$335,000 for 2017.

Subd. 4. **Special education out-of-state tuition.** For special education out-of-state tuition according to Minnesota Statutes, section 125A.79, subdivision 8:

\$	<u>250,000</u>	.....	<u>2016</u>
\$	<u>250,000</u>	.....	<u>2017</u>

Subd. 5. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	<u>1,406,000</u>	.....	<u>2016</u>
\$	<u>1,629,000</u>	.....	<u>2017</u>

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Subd. 6. **Court-placed special education revenue.** For reimbursing serving school districts for unreimbursed eligible expenditures attributable to children placed in the serving school district by court action under Minnesota Statutes, section 125A.79, subdivision 4:

\$	<u>56,000</u>	.....	<u>2016</u>
\$	<u>57,000</u>	.....	<u>2017</u>

Sec. 31. **REPEALER.**

Minnesota Statutes 2014, section 125A.63, subdivision 1, is repealed.

## ARTICLE 6

### FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 2014, section 123B.53, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) For purposes of this section, the eligible debt service revenue of a district is defined as follows:

(1) the amount needed to produce between five and six percent in excess of the amount needed to meet when due the principal and interest payments on the obligations of the district for eligible projects according to subdivision 2, including the amounts necessary for repayment of energy loans according to section 216C.37 or sections 298.292 to 298.298, debt service loans and capital loans, and lease purchase payments under section 126C.40, subdivision 2, ~~alternative facilities levies under~~

section 123B.59, subdivision 5, paragraph (a), excluding long-term facilities maintenance levies under section 123B.595, minus

(2) the amount of debt service excess levy reduction for that school year calculated according to the procedure established by the commissioner.

(b) The obligations in this paragraph are excluded from eligible debt service revenue:

(1) obligations under section 123B.61;

(2) the part of debt service principal and interest paid from the taconite environmental protection fund or Douglas J. Johnson economic protection trust, excluding the portion of taconite payments from the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a;

(3) obligations issued under Laws 1991, chapter 265, article 5, section 18, as amended by Laws 1992, chapter 499, article 5, section 24;

(4) obligations under section 123B.62; and

(5) obligations equalized under section 123B.535.

(c) For purposes of this section, if a preexisting school district reorganized under sections 123A.35 to 123A.43, 123A.46, and 123A.48 is solely responsible for retirement of the preexisting district's bonded indebtedness, capital loans or debt service loans, debt service equalization aid must be computed separately for each of the preexisting districts.

(d) For purposes of this section, the adjusted net tax capacity determined according to sections 127A.48 and 273.1325 shall be adjusted to include the tax capacity of property generally exempted from ad valorem taxes under section 272.02, subdivision 64.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 2. Minnesota Statutes 2014, section 123B.53, subdivision 4, is amended to read:

Subd. 4. **Debt service equalization revenue.** (a) The debt service equalization revenue of a district equals the sum of the first tier debt service equalization revenue and the second tier debt service equalization revenue.

(b) The first tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue minus the amount raised by a levy of 15.74 percent times the adjusted net tax capacity of the district minus the second tier debt service equalization revenue of the district.

(c) The second tier debt service equalization revenue of a district equals the greater of zero or the eligible debt service revenue, ~~excluding alternative facilities levies under section 123B.59, subdivision 5,~~ minus the amount raised by a levy of 26.24 percent times the adjusted net tax capacity of the district.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 3. Minnesota Statutes 2014, section 123B.57, is amended to read:

**123B.57 CAPITAL EXPENDITURE; HEALTH AND SAFETY.**

~~Subdivision 1. **Health and safety revenue application.** (a) To receive health and safety revenue for any fiscal year a district must submit to the commissioner a capital expenditure health and safety revenue application by the date determined by the commissioner. The application must include a health and safety budget adopted and confirmed by the school district board as being consistent with the district's health and safety policy under subdivision 2. The budget must include the estimated cost of the program per Uniform Financial Accounting and Reporting Standards (UFARS) finance code, by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the Department of Education, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.~~

~~(b) Health and safety projects with an estimated cost of \$500,000 or more per site are not eligible for health and safety revenue. Health and safety projects with an estimated cost of \$500,000 or more per site that meet all other requirements for health and safety funding, are eligible for alternative facilities bonding and levy revenue according to section 123B.59. A school board shall not separate portions of a single project into components to qualify for health and safety revenue, and shall not combine unrelated projects into a single project to qualify for alternative facilities bonding and levy revenue.~~

~~(c) The commissioner of education shall not make eligibility for health and safety revenue contingent on a district's compliance status, level of program development, or training. The commissioner shall not mandate additional performance criteria such as training, certifications, or compliance evaluations as a prerequisite for levy approval.~~

~~Subd. 2. **Health and safety policy.** To qualify for health and safety revenue, a school board must adopt a health and safety policy. The policy must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices including indoor air quality management.~~

~~Subd. 3. **Health and safety revenue.** A district's health and safety revenue for a fiscal year equals the district's alternative facilities levy under section 123B.59, subdivision 5, paragraph (b), plus the greater of zero or:~~

~~(1) the sum of (a) the total approved cost of the district's hazardous substance plan for fiscal years 1985 through 1989, plus (b) the total approved cost of the district's health and safety program for fiscal year 1990 through the fiscal year to which the levy is attributable, excluding expenditures funded with bonds issued under section 123B.59 or 123B.62, or chapter 475; certificates of indebtedness or capital notes under section 123B.61; levies under section 123B.58, 123B.59, 123B.63, or 126C.40, subdivision 1 or 6; and other federal, state, or local revenues, minus~~

~~(2) the sum of (a) the district's total hazardous substance aid and levy for fiscal years 1985 through 1989 under sections 124.245 and 275.125, subdivision 11c, plus (b) the district's health and safety revenue under this subdivision, for years before the fiscal year to which the levy is attributable.~~

~~Subd. 4. **Health and safety levy.** To receive health and safety revenue, a district may levy an amount equal to the district's health and safety revenue as defined in subdivision 3 multiplied by the lesser of one, or the ratio of the quotient derived by dividing the adjusted net tax capacity of the~~

district for the year preceding the year the levy is certified by the adjusted pupil units in the district for the school year to which the levy is attributable, to \$3,165.

~~Subd. 5. **Health and safety aid.** A district's health and safety aid is the difference between its health and safety revenue and its health and safety levy. If a district does not levy the entire amount permitted, health and safety aid must be reduced in proportion to the actual amount levied. Health and safety aid may not be reduced as a result of reducing a district's health and safety levy according to section 123B.79.~~

~~Subd. 6. **Uses of Health and safety revenue capital projects.** (a) Health and safety revenue may be used only for approved capital projects may include expenditures necessary for the correction of fire and life safety hazards; design, purchase, installation, maintenance, and inspection of fire protection and alarm equipment; purchase or construction of appropriate facilities for the storage of combustible and flammable materials; inventories and facility modifications not related to a remodeling project to comply with lab safety requirements under section 121A.31; inspection, testing, repair, removal or encapsulation, and disposal of asbestos-containing building materials; cleanup and disposal of polychlorinated biphenyls; cleanup and disposal of hazardous and infectious wastes; cleanup, removal, disposal, and repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01; correction of occupational safety and health administration regulated hazards; indoor air quality inspections, investigations, and testing; mold abatement; upgrades or replacement of mechanical ventilation systems to meet American Society of Heating, Refrigerating and Air Conditioning Engineers standards and State Mechanical Code; design, materials, and installation of local exhaust ventilation systems, including required make-up air for controlling regulated hazardous substances; correction of Department of Health Food Code violations; correction of swimming pool hazards excluding depth correction; playground safety inspections, repair of unsafe outdoor playground equipment, and the installation of impact surfacing materials; bleacher repair or rebuilding to comply with the order of a building code inspector under section 326B.112; testing and mitigation of elevated radon hazards; lead testing; copper in water testing; cleanup after major weather-related disasters or flooding; reduction of excessive organic and inorganic levels in wells and capping of abandoned wells; installation and testing of boiler backflow valves to prevent contamination of potable water; vaccinations, titers, and preventative supplies for bloodborne pathogen compliance; costs to comply with the Janet B. Johnson Parents' Right to Know Act; automated external defibrillators and other emergency plan equipment and supplies specific to the district's emergency action plan; compliance with the National Emission Standards for Hazardous Air Pollutants for school generators established by the United States Environmental Protection Agency; and health, safety, and environmental management costs associated with implementing the district's health and safety program including costs to establish and operate safety committees, in school buildings or property owned or being acquired by the district. Testing and calibration activities are permitted for existing mechanical ventilation systems at intervals no less than every five years.~~

~~(b) For fiscal years 2014 through 2017, a school district must not include expenses related to emission compliance projects for school generators in its health and safety revenue capital projects unless it reduces its approved spending on other qualified health and safety projects by the same amount.~~

~~Subd. 6a. **Restrictions on health and safety revenue.** Notwithstanding subdivision 6, health and safety revenue must not be used:~~

~~(1) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;~~

~~(2) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;~~

~~(3) for interest or other financing expenses;~~

~~(4) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education;~~

~~(5) for replacement of building materials or facilities including roof, walls, windows, internal fixtures and flooring, nonhealth and safety costs associated with demolition of facilities, structural repair or replacement of facilities due to unsafe conditions, violence prevention and facility security, ergonomics, or public announcement systems and emergency communication devices; or~~

~~(6) for building and heating, ventilating and air conditioning supplies, maintenance, and cleaning activities. All assessments, investigations, inventories, and support equipment not leading to the engineering or construction of a project shall be included in the health, safety, and environmental management costs in subdivision 8, paragraph (a).~~

~~Subd. 6b. **Health and safety projects.** (a) Health and safety revenue applications defined in subdivision 1 must be accompanied by a description of each project for which funding is being requested. Project descriptions must provide enough detail for an auditor to determine if the work qualifies for revenue. For projects other than fire and life safety projects, playground projects, and health, safety, and environmental management activities, a project description does not need to include itemized details such as material types, room locations, square feet, names, or license numbers. The commissioner may request supporting information and shall approve only projects that comply with subdivisions 6 and 8, as defined by the Department of Education.~~

~~(b) Districts may request funding for allowable projects based on self-assessments, safety committee recommendations, insurance inspections, management assistance reports, fire marshal orders, or other mandates. Notwithstanding subdivision 1, paragraph (b), and subdivision 8, paragraph (b), for projects under \$500,000, individual project size for projects authorized by this subdivision is not limited and may include related work in multiple facilities. Health and safety management costs from subdivision 8 may be reported as a single project.~~

~~(c) All costs directly related to a project shall be reported in the appropriate Uniform Financial Accounting and Reporting Standards (UFARS) finance code.~~

~~(d) For fire and life safety egress and all other projects exceeding \$20,000, cited under the Minnesota Fire Code, a fire marshal plan review is required.~~

~~(e) Districts shall update project estimates with actual expenditures for each fiscal year. If a project's final cost is significantly higher than originally approved, the commissioner may request additional supporting information.~~

~~Subd. 6c. **Appeals process.** In the event a district is denied funding approval for a project the district believes complies with subdivisions 6 and 8, and is not otherwise excluded, a district may appeal the decision. All such requests must be in writing. The commissioner shall respond in writing. A written request must contain the following: project number; description and amount; reason for~~

denial; unresolved questions for consideration; reasons for reconsideration; and a specific statement of what action the district is requesting.

Subd. 7. **Proration.** In the event that the health and safety aid available for any year is prorated, a district having its aid prorated may levy an additional amount equal to the amount not paid by the state due to proration.

Subd. 8. **Health, safety, and environmental management cost.** (a) "Health, safety, and environmental management" is defined in section 123B.56.

(b) A district's cost for health, safety, and environmental management is limited to the lesser of:

(1) actual cost to implement their plan; or

(2) an amount determined by the commissioner, based on enrollment, building age, and size.

(c) The department may contract with regional service organizations, private contractors, Minnesota Safety Council, or state agencies to provide management assistance to school districts for health and safety capital projects. Management assistance is the development of written programs for the identification, recognition and control of hazards, and prioritization and scheduling of district health and safety capital projects. The commissioner shall not mandate management assistance or exclude private contractors from the opportunity to provide any health and safety services to school districts.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 4. **[123B.595] LONG-TERM FACILITIES MAINTENANCE REVENUE.**

Subdivision 1. **Long-term facilities maintenance revenue.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue equals the greater of (1) \$193 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue equals the greater of (1) \$292 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue equals the greater of (1) \$380 times the district's adjusted pupil units times the lesser of one or the ratio of the district's average building age to 35 years, plus the cost approved by the commissioner for indoor air quality, fire alarm and suppression, and asbestos abatement projects under section 123B.57, subdivision 6, with an estimated cost of \$100,000 or more per site or (2) the sum of the amount the district would have qualified for under Minnesota Statutes 2014, section 123B.57, Minnesota Statutes 2014, section 123B.59, and Minnesota Statutes 2014, section 123B.591.

Subd. 2. **Long-term facilities maintenance revenue for a charter school.** (a) For fiscal year 2017 only, long-term facilities maintenance revenue for a charter school equals \$34 times the adjusted pupil units.

(b) For fiscal year 2018 only, long-term facilities maintenance revenue for a charter school equals \$85 times the adjusted pupil units.

(c) For fiscal year 2019 and later, long-term facilities maintenance revenue for a charter school equals \$132 times the adjusted pupil units.

Subd. 3. **Intermediate districts and other cooperative units.** Upon approval through the adoption of a resolution by each member district school board of an intermediate district or other cooperative units under section 123A.24, subdivision 2, and the approval of the commissioner of education, a school district may include in its authority under this section a proportionate share of the long-term maintenance costs of the intermediate district or cooperative unit. The cooperative unit may issue bonds to finance the project costs or levy for the costs, using long-term maintenance revenue transferred from member districts to make debt service payments or pay project costs. Authority under this subdivision is in addition to the authority for individual district projects under subdivision 1.

Subd. 4. **Facilities plans.** (a) To qualify for revenue under this section, a school district or intermediate district, not including a charter school, must have a ten-year facility plan adopted by the school board and approved by the commissioner. The plan must include provisions for implementing a health and safety program that complies with health, safety, and environmental regulations and best practices, including indoor air quality management.

(b) The district must annually update the plan, biennially submit a facility maintenance plan to the commissioner, and indicate whether the district will issue bonds to finance the plan or levy for the costs.

(c) For school districts issuing bonds to finance the plan, the plan must include a debt service schedule demonstrating that the debt service revenue required to pay the principal and interest on the bonds each year will not exceed the projected long-term facilities revenue for that year.

Subd. 5. **Bond authorization.** (a) A school district may issue general obligation bonds under this section to finance facilities plans approved by its board and the commissioner. Chapter 475, except sections 475.58 and 475.59, must be complied with. The authority to issue bonds under this section is in addition to any bonding authority authorized by this chapter or other law. The amount of bonding authority authorized under this section must be disregarded in calculating the bonding or net debt limits of this chapter, or any other law other than section 475.53, subdivision 4.

(b) At least 20 days before the earliest of solicitation of bids, the issuance of bonds, or the final certification of levies under subdivision 6, the district must publish notice of the intended projects, the amount of the bond issue, and the total amount of district indebtedness.

(c) The portion of revenue under this section for bonded debt must be recognized in the debt service fund.

Subd. 6. **Levy authorization.** A district may levy for costs related to an approved plan under subdivision 4 as follows:

(1) if the district has indicated to the commissioner that bonds will be issued, the district may levy for the principal and interest payments on outstanding bonds issued under subdivision 5 after reduction for any aid receivable under subdivision 9;

(2) if the district has indicated to the commissioner that the plan will be funded through levy, the district may levy according to the schedule approved in the plan after reduction for any aid receivable under subdivision 9; or

(3) if the debt service revenue for a district required to pay the principal and interest on bonds issued under subdivision 5 exceeds the district's long-term facilities maintenance revenue for the same fiscal year, the district's general fund levy must be reduced by the amount of the excess.

Subd. 7. **Long-term facilities maintenance equalization revenue.** (a) For fiscal year 2017 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$193 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(b) For fiscal year 2018 only, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$292 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

(c) For fiscal year 2019 and later, a district's long-term facilities maintenance equalization revenue equals the lesser of (1) \$380 times the adjusted pupil units or (2) the district's revenue under subdivision 1.

Subd. 8. **Long-term facilities maintenance equalized levy.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized levy equals the district's long-term facilities maintenance revenue minus the greater of:

(1) the lesser of the district's long-term facilities maintenance revenue or the amount of aid the district received for fiscal year 2015 under Minnesota Statutes 2014, section 123B.59, subdivision 6; or

(2) the district's long-term facilities maintenance equalization revenue times the greater of (i) zero or (ii) one minus the ratio of its adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified to 123 percent of the state average adjusted net tax capacity per adjusted pupil unit in the year preceding the year the levy is certified.

Subd. 9. **Long-term facilities maintenance equalized aid.** For fiscal year 2017 and later, a district's long-term facilities maintenance equalized aid equals its long-term facilities maintenance revenue minus its long-term facilities maintenance equalized levy times the ratio of the actual amount levied to the permitted levy.

Subd. 10. **Allowed uses for long-term facilities maintenance revenue.** (a) A district may use revenue under this section for any of the following:

(1) deferred capital expenditures and maintenance projects necessary to prevent further erosion of facilities;

(2) increasing accessibility of school facilities; or

(3) health and safety capital projects under section 123B.57.

(b) A charter school may use revenue under this section for any purpose related to the school.

Subd. 11. **Restrictions on long-term facilities maintenance revenue.** Notwithstanding subdivision 11, long-term facilities maintenance revenue may not be used:

(1) for the construction of new facilities, remodeling of existing facilities, or the purchase of portable classrooms;

(2) to finance a lease purchase agreement, installment purchase agreement, or other deferred payments agreement;

(3) for energy-efficiency projects under section 123B.65, for a building or property or part of a building or property used for postsecondary instruction or administration or for a purpose unrelated to elementary and secondary education; or

(4) for violence prevention and facility security, ergonomics, or emergency communication devices.

Subd. 12. **Reserve account.** The portion of long-term facilities maintenance revenue not recognized under subdivision 5, paragraph (c), must be maintained in a reserve account within the general fund.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2014, section 125B.26, subdivision 2, is amended to read:

Subd. 2. **E-rates.** To be eligible for aid under this section, a district, charter school, or intermediate school district is required to file an e-rate application either separately or through its telecommunications access cluster ~~and have a current technology plan on file with the department.~~ Discounts received on telecommunications expenditures shall be reflected in the costs submitted to the department for aid under this section.

Sec. 6. Minnesota Statutes 2014, section 126C.01, subdivision 2, is amended to read:

Subd. 2. **Adjusted net tax capacity.** (a) Except as provided in paragraph (b), "adjusted net tax capacity" means the net tax capacity of the taxable property of the district as adjusted by the commissioner of revenue under sections 127A.48 and 273.1325. The adjusted net tax capacity for any given calendar year must be used to compute levy limitations for levies certified in the succeeding calendar year and aid for the school year beginning in the second succeeding calendar year.

(b) For purposes of the long-term maintenance facilities equalization levy under section 123B.595, subdivision 8, "adjusted net tax capacity" means the value described in paragraph (a) reduced by 50 percent of the value of class 2a agricultural land determined under that paragraph before the application of the growth limit under section 127A.48, subdivision 7.

**EFFECTIVE DATE.** This section is effective for taxes payable in 2016 and later.

Sec. 7. Minnesota Statutes 2014, 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, local governments, 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) notwithstanding paragraph (d), the sales and purchases by the Metropolitan Council of vehicles and repair parts to equip operations provided for in section 473.4051 are exempt through December 31, 2016;

(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) 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.

(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;

(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 local government as inputs to a liquor store, gas or electric utility, solid waste hauling service, solid waste recycling service, landfill, golf course, marina, campground, cafe, or laundromat.

(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) For purposes of the exemption granted under this subdivision, "local governments" has the following meaning:

(1) for the period prior to January 1, ~~2016~~ 2017, local governments means statutory or home rule charter cities, counties, and townships; and

(2) ~~for the period of January 1, 2016, to December 31, 2016, local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465;~~

~~except for the Metropolitan Council under sections 473.123 to 473.549; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59; and~~

~~(3)(2) beginning January 1, 2017, local governments means statutory or home rule charter cities, counties, and townships; special districts as defined under section 6.465; any instrumentality of a statutory or home rule charter city, county, or township as defined in section 471.59; and any joint powers board or organization created under section 471.59.~~

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

**Sec. 8. COMMISSIONER OF EDUCATION; 1:1 DEVICE PROGRAM GUIDELINES.**

The commissioner of education must research existing 1:1 device programs in Minnesota and across the country to determine best practices for Minnesota schools implementing 1:1 device programs. By February 15, 2016, the commissioner must develop and publish guidelines to ensure maximum effectiveness of 1:1 device programs and make a report on the research findings to the committees of the legislature with jurisdiction over kindergarten through grade 12 education.

**Sec. 9. FAIR SCHOOL CRYSTAL TRANSITION.**

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School Crystal during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School Crystal in any year through the 2019-2020 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue, literacy aid, and alternative compensation revenue for the FAIR School Crystal based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School Crystal in succeeding school years regardless of the pupil's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

**EFFECTIVE DATE.** This section is effective the day following the date on which the real and personal property of the FAIR School Crystal in Crystal is conveyed to Independent School District No. 281, Robbinsdale.

**Sec. 10. FAIR SCHOOL DOWNTOWN TRANSITION.**

Subdivision 1. **Student enrollment.** A student enrolled in the FAIR School downtown during the 2014-2015 school year and a student accepted for enrollment during the 2015-2016 school year may continue to enroll in the FAIR School downtown in any year through the 2018-2019 school year. For the 2015-2016 school year and later, other students may apply for enrollment under Minnesota Statutes, section 124D.03.

Subd. 2. **Compensatory revenue; literacy aid; alternative compensation revenue.** For the 2015-2016 school year only, the Department of Education must calculate compensatory revenue,

literacy aid, and alternative compensation revenue for the FAIR School downtown based on the October 1, 2014, enrollment counts.

Subd. 3. **Pupil transportation.** The district may transport a pupil enrolled in the 2014-2015 school year and a pupil accepted for enrollment during the 2015-2016 school year to and from the FAIR School downtown in succeeding school years regardless of the pupil's district of residence. Pupil transportation expenses under this section are reimbursable under Minnesota Statutes, section 124D.87.

**EFFECTIVE DATE.** This section is effective the day following the date on which the real and personal property of the FAIR School downtown in Minneapolis is conveyed to Special School District No. 1, Minneapolis.

Sec. 11. **INFORMATION TECHNOLOGY CERTIFICATION PARTNERSHIP.**

Subdivision 1. **Request for proposals.** The commissioner of education shall issue a request for proposals no later than July 1, 2015, and award a contract no later than September 1, 2015, to a provider for the program under subdivision 3.

Subd. 2. **Eligible schools.** A school district, intermediate district, or charter school is eligible to participate in the program under this section, as long as funds are available.

Subd. 3. **Program description; provider duties.** (a) The provider must partner with eligible schools to make available a program to teach information technology skills and competencies that are essential for career and college readiness. By December 1, 2015, the provider must contact each eligible school and indicate how the school can access program services under this section.

(b) The provider shall recruit up to 200 schools to participate in the program as long as funds are available. The provider must engage schools on a first-come, first-served basis, except that no more than half of the total funds available may be used to deliver the program to schools located in the seven-county metropolitan area.

(c) The provider shall deliver to each participating school:

(1) a research-based information technology curriculum;

(2) online access to the curriculum;

(3) instructional software for classroom and student use;

(4) training for teachers who will be using the curriculum or instructional software;

(5) industry-recognized certification of skills and competencies in a broad array of information technology-related skill areas; and

(6) project management, deployment, and program support, including, but not limited to, integration with academic standards under Minnesota Statutes, section 120B.021 or 120B.022.

Subd. 4. **Department support.** The Department of Education must make support available to the provider, including acting as the primary liaison between schools and the provider and providing direction and oversight, consistent with the purposes of this section.

Subd. 5. **Report required.** By February 1, 2018, the provider and commissioner must jointly develop and deliver to the committees of the legislature with jurisdiction over kindergarten through

grade 12 education, a summary report on program activities and outcomes, including a description of the number and location of participating schools and students, and the number and type of certifications earned by students.

**Sec. 12. CANCELLATION OF PREVIOUS BIENNIUM APPROPRIATION.**

The appropriation made by Laws 2014, chapter 312, article 16, section 16, subdivision 5, is canceled.

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

**Sec. 13. APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Long-term maintenance equalization aid.** For long-term maintenance equalization aid under Minnesota Statutes, section 123B.595:

\$	<u>0</u>	.....	<u>2016</u>
\$	<u>52,088,000</u>	.....	<u>2017</u>

The 2017 appropriation includes \$0 for 2016 and \$52,088,000 for 2017.

Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$	<u>20,349,000</u>	.....	<u>2016</u>
\$	<u>22,171,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$2,295,000 for 2015 and \$18,054,000 for 2016.

The 2017 appropriation includes \$2,005,000 for 2016 and \$20,166,000 for 2017.

Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59, subdivision 1:

\$	<u>19,287,000</u>	.....	<u>2016</u>
\$	<u>1,928,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,928,000 for 2015 and \$17,359,000 for 2016.

The 2017 appropriation includes \$1,928,000 for 2016 and \$0 for 2017.

Subd. 5. **Equity in telecommunications access.** For equity in telecommunications access:

\$	<u>3,750,000</u>	.....	<u>2016</u>
\$	<u>3,750,000</u>	.....	<u>2017</u>

If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.26, subdivisions 4 and 5, and the revenue for fiscal years 2016 and 2017 shall be prorated.

Any balance in the first year does not cancel but is available in the second year.

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	<u>3,520,000</u>	.....	<u>2016</u>
\$	<u>345,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$409,000 for 2015 and \$3,111,000 for 2016.

The 2017 appropriation includes \$345,000 for 2016 and \$0 for 2017.

Subd. 7. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	<u>501,000</u>	.....	<u>2016</u>
\$	<u>48,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$66,000 for 2015 and \$435,000 for 2016.

The 2017 appropriation includes \$48,000 for 2016 and \$0 for 2017.

Subd. 8. **Information technology certification partnership.** For an information technology certification partnership:

\$	<u>500,000</u>	.....	<u>2016</u>
\$	<u>0</u>	.....	<u>2017</u>

This is a onetime appropriation. Any balance in the first year does not cancel but is available in the second year. Of this appropriation, five percent is for departmental costs related to providing support for the information technology certification partnership.

Subd. 9. **Innovative Technology Cooperative.** For a grant to the Innovative Technology Cooperative under Minnesota Statutes, section 123A.215, to provide professional development related to technology:

\$	<u>150,000</u>	.....	<u>2016</u>
\$	<u>150,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 is \$0.

Sec. 14. **REPEALER.**

Minnesota Statutes 2014, sections 123B.59; and 123B.591, are repealed.

**EFFECTIVE DATE.** This section is effective for revenue in fiscal year 2017 and later.

**ARTICLE 7****NUTRITION AND ACCOUNTING**

Section 1. Minnesota Statutes 2014, section 123A.24, subdivision 1, is amended to read:

Subdivision 1. **Distribution of assets and liabilities.** (a) If a district withdraws from a cooperative unit defined in subdivision 2, the distribution of assets and assignment of liabilities to the withdrawing district shall be determined according to this subdivision.

(b) The withdrawing district remains responsible for its share of debt incurred by the cooperative unit according to section 123B.02, subdivision 3. The district and cooperative unit may mutually agree, through a board resolution by each, to terms and conditions of the distribution of assets and the assignment of liabilities.

(c) If the cooperative unit and the district cannot agree on the terms and conditions, the commissioner shall resolve the dispute by determining the district's proportionate share of assets and liabilities based on the district's enrollment, financial contribution, usage, or other factor or combination of factors determined appropriate by the commissioner. If the dispute requires the commissioner to involve an administrative law judge, any fees due to the Office of Administrative Hearings must be equally split between the district and cooperative unit. The assets must be disbursed to the withdrawing district in a manner that minimizes financial disruption to the cooperative unit.

(d) Assets related to an insurance pool shall not be disbursed to a member district under paragraph (c).

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

Sec. 2. Minnesota Statutes 2014, section 123B.77, subdivision 3, is amended to read:

Subd. 3. **Statement for comparison and correction.** (a) By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office of the State Auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

(b) By February ~~15~~ 1 of the calendar year following the submission of the unaudited financial data, the commissioner shall convert the audited financial data required by this subdivision into the consolidated financial statement format required under subdivision 1a and publish the information on the department's Web site.

Sec. 3. Minnesota Statutes 2014, section 125A.75, subdivision 9, is amended to read:

Subd. 9. **Litigation costs; annual report.** (a) By November 30 of each year, a school district must annually report the district's special education litigation costs, including attorney fees and costs

of due process hearings, to the commissioner of education, consistent with the Uniform Financial Accounting and Reporting Standards.

(b) By ~~January 15~~ February 1 of each year, the commissioner shall report school district special education litigation costs to the house of representatives and the senate committees having jurisdiction over kindergarten through grade 12 education finance.

Sec. 4. Minnesota Statutes 2014, section 127A.05, subdivision 6, is amended to read:

Subd. 6. **Survey of districts.** The commissioner of education shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by ~~January 15~~ February 1 of each odd-numbered year on the status of teacher early retirement patterns, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage and a five-year projection of teacher demand for each district.

Sec. 5. Minnesota Statutes 2014, section 127A.49, subdivision 1, is amended to read:

Subdivision 1. **Omissions.** No adjustments to any aid payments made pursuant to this chapter or chapters 120B, 122A, 123A, 123B, 124D, 125A, and 126C resulting from omissions in district reports, except those adjustments determined by the legislative auditor, shall be made for any school year after December 30 15 of the next school year, unless otherwise specifically provided by law.

Sec. 6. Laws 2013, chapter 116, article 7, section 19, is amended to read:

Sec. 19. **FUND TRANSFER; FISCAL YEARS YEAR 2014 AND 2015 THROUGH FISCAL YEAR 2017 ONLY.**

(a) Notwithstanding Minnesota Statutes, section 123B.80, subdivision 3, for fiscal ~~years year~~ year 2014 ~~and 2015 through fiscal year 2017~~ only, the commissioner must approve a request for a fund transfer if the transfer does not increase state aid obligations to the district or result in additional property tax authority for the district. This section does not permit transfers from the community service fund, the food service fund, or the reserved account for staff development under section 122A.61.

(b) A school board may approve a fund transfer under paragraph (a) only after adopting a resolution stating the fund transfer will not diminish instructional opportunities for students.

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

Sec. 7. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	<u>15,661,000</u>	.....	<u>2016</u>
\$	<u>15,818,000</u>	.....	<u>2017</u>

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	<u>9,731,000</u>	.....	<u>2016</u>
\$	<u>10,361,000</u>	.....	<u>2017</u>

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	<u>942,000</u>	.....	<u>2016</u>
\$	<u>942,000</u>	.....	<u>2017</u>

Subd. 5. **Summer school service replacement aid.** For summer food service replacement aid under Minnesota Statutes, section 124D.119:

\$	<u>150,000</u>	.....	<u>2016</u>
\$	<u>150,000</u>	.....	<u>2017</u>

## ARTICLE 8

### LIBRARIES

Section 1. Minnesota Statutes 2014, section 134.355, subdivision 8, is amended to read:

Subd. 8. **Eligibility.** A regional public library system may apply for regional library telecommunications aid. ~~The aid must be used for data and video access maintenance, equipment, or installation of telecommunication lines;~~ on behalf of itself and member public libraries. The aid must be used for connections and other eligible nonvoice related e-rate program category one services. Aid may be used for e-rate program category two services as identified in the Federal Communication Commission's eligible services list for the current and preceding four funding years, if sufficient funds remain once category one needs are met in each funding year. To be eligible, a regional public library system must be officially designated by the commissioner of education as a regional public library system as defined in section 134.34, subdivision 3, and each of its participating cities and counties must meet local support levels defined in section 134.34, subdivision 1. A public library building that receives aid under this section must be open a minimum of 20 hours per week. Exceptions to the minimum open hours requirement may be granted by the Department of Education on request of the regional public library system for the following circumstances: short-term closing for emergency maintenance and repairs following a natural disaster; in response to exceptional economic circumstances; building repair or maintenance that requires public services areas to be closed; or to adjust hours of public service to respond to documented seasonal use patterns.

Sec. 2. Minnesota Statutes 2014, section 134.355, subdivision 9, is amended to read:

Subd. 9. **Telecommunications aid.** An application for regional library telecommunications aid must, at a minimum, contain information to document the following:

(1) the connections are adequate and employ an open network architecture that will ensure interconnectivity and interoperability with school districts, postsecondary education, or other governmental agencies;

(2) that the connection is established through the most cost-effective means and that the regional library has explored and coordinated connections through school districts, postsecondary education, or other governmental agencies;

(3) that the regional library system ~~has~~ and member libraries included in the application have filed or are included in an e-rate application; and

(4) other information, as determined by the commissioner of education, to ensure that connections are coordinated, efficient, and cost-effective, take advantage of discounts, and meet applicable state standards.

The library system may include costs associated with cooperative arrangements with postsecondary institutions, school districts, and other governmental agencies.

Sec. 3. Minnesota Statutes 2014, section 134.355, subdivision 10, is amended to read:

Subd. 10. **Award of funds.** The commissioner of education shall develop an application and a reporting form and procedures for regional library telecommunications aid. Aid shall be based on actual costs of including, but not limited to, connections, as documented in e-rate funding commitment decision letters for category one services and acceptable documentation for category two services and funds available for this purpose. The commissioner shall make payments directly to the regional public library system.

Sec. 4. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Basic system support.** For basic system support aid under Minnesota Statutes, section 134.355:

\$	<u>13,570,000</u>	.....	<u>2016</u>
\$	<u>13,570,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,357,000 for 2015 and \$12,213,000 for 2016.

The 2017 appropriation includes \$1,357,000 for 2016 and \$12,213,000 for 2017.

Subd. 3. **Multicounty, multitype library systems.** For aid under Minnesota Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

\$	<u>1,300,000</u>	.....	<u>2016</u>
\$	<u>1,300,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$130,000 for 2015 and \$1,170,000 for 2016.

The 2017 appropriation includes \$130,000 for 2016 and \$1,170,000 for 2017.

Subd. 4. **Electronic library for Minnesota.** For statewide licenses to online databases selected in cooperation with the Minnesota Office of Higher Education for school media centers, public libraries, state government agency libraries, and public or private college or university libraries:

\$	<u>900,000</u>	.....	<u>2016</u>
\$	<u>900,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year.

Subd. 5. **Regional library telecommunications aid.** For regional library telecommunications aid under Minnesota Statutes, section 134.355:

\$	<u>2,300,000</u>	.....	<u>2016</u>
\$	<u>2,300,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$230,000 for 2015 and \$2,070,000 for 2016.

The 2017 appropriation includes \$230,000 for 2016 and \$2,070,000 for 2017.

## ARTICLE 9

### EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 2014, section 121A.17, subdivision 5, is amended to read:

Subd. 5. **Developmental screening program information.** (a) The board must inform each resident family with a child eligible to participate in the developmental screening program, and a charter school that provides screening must inform families that apply for admission to the charter school, about the availability of the program and the state's requirement that a child receive a developmental screening or provide health records indicating that the child received a comparable developmental screening from a public or private health care organization or individual health care provider not later than 30 days after the first day of attending kindergarten in a public school. A school district must inform all resident families with eligible children under age seven, and a charter school that provides screening must inform families that apply for admission to the charter school, that their children may receive a developmental screening conducted either by the school district or by a public or private health care organization or individual health care provider and that the screening is not required if a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened.

(b) A school district that enrolls students from an adjoining state under section 124D.041 may inform a nonresident child whose family resides at a Minnesota address as assigned by the United States Postal Service about the availability of the developmental screening program and may provide screening under this section to that child.

**EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2016 and later.

Sec. 2. Minnesota Statutes 2014, section 124D.041, subdivision 1, is amended to read:

Subdivision 1. **Agreements.** (a) The commissioner may enter into an agreement with the designated authority from an adjoining state to establish an enrollment options program between Minnesota and the adjoining state. Any agreement entered into pursuant to this section must specify the following:

(1) for students who are not residents of Minnesota, the enrollment options program applies only to a student whose resident school district borders Minnesota;

(2) the commissioner must negotiate equal, reciprocal rates with the designated authority from the adjoining state;

(3) if the adjoining state sends more students to Minnesota than Minnesota sends to the adjoining state, the adjoining state must pay the state of Minnesota the rate agreed upon under clause (2) for the excess number of students sent to Minnesota;

(4) if Minnesota sends more students to the adjoining state than the adjoining state sends to Minnesota, the state of Minnesota will pay the adjoining state the rate agreed upon under clause (2) for the excess number of students sent to the adjoining state;

(5) the application procedures for the enrollment options program between Minnesota and the adjoining state;

(6) the reasons for which an application for the enrollment options program between Minnesota and the adjoining state may be denied; and

(7) that a Minnesota school district is not responsible for transportation for any resident student attending school in an adjoining state under the provisions of this section. A Minnesota school district may, at its discretion, provide transportation services for such a student.

(b) Any agreement entered into pursuant to this section may specify additional terms relating to any student in need of special education and related services pursuant to chapter 125A, including early childhood special education services. Any additional terms must apply equally to both states.

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

Sec. 3. Minnesota Statutes 2014, section 124D.041, subdivision 2, is amended to read:

Subd. 2. **Pupil accounting.** (a) Any student from an adjoining state enrolled in Minnesota pursuant to this section is included in the receiving school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of another Minnesota school district attending the receiving school district under section 124D.03.

(b) Any Minnesota resident student enrolled in an adjoining state pursuant to this section is included in the resident school district's average daily membership and pupil units according to section 126C.05 as if the student were a resident of the district attending another Minnesota school district under section 124D.03.

(c) A prekindergarten child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service and is receiving early childhood special education services from a Minnesota school district is considered enrolled in a Minnesota school district.

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

Sec. 4. Minnesota Statutes 2014, section 124D.15, subdivision 5, is amended to read:

Subd. 5. **Services with new or existing providers.** A district may contract with a charter school or community-based organization to provide eligible children developmentally appropriate services that meet the program requirements in subdivision 3. In the alternative, a district may pay tuition or fees to place an eligible child in an existing program. A district may establish a new program

where no existing, reasonably accessible program meets the program requirements in subdivision 3. ~~Districts must submit a copy of each contract to the commissioner with the biennial plan.~~ Services may be provided in a site-based program or in the home of the child or a combination of both. The district may not restrict participation to district residents.

**EFFECTIVE DATE.** This section is effective for fiscal year 2017 and later.

Sec. 5. Minnesota Statutes 2014, section 124D.16, subdivision 2, is amended to read:

Subd. 2. **Amount of aid.** (a) A district is eligible to receive school readiness aid for eligible prekindergarten pupils enrolled in a school readiness program under section 124D.15 if the biennial plan required by section 124D.15, subdivision 3a, has been approved by the commissioner.

(b) A district must receive school readiness aid equal to:

(1) the number of four-year-old children in the district on October 1 for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of four-year-old children reported to the commissioner for the previous school year; plus

(2) the number of pupils enrolled in the school district from families eligible for the free or reduced school lunch program for the previous school year times the ratio of 50 percent of the total school readiness aid for that year to the total number of pupils in the state from families eligible for the free or reduced school lunch program for the previous school year.

~~(c) For fiscal year 2015 and later,~~ The total school readiness aid entitlement equals ~~\$12,170,000~~ \$23,558,000 for fiscal year 2016 and \$33,683,000 for fiscal year 2017 and later.

Sec. 6. Minnesota Statutes 2014, section 124D.165, subdivision 2, is amended to read:

Subd. 2. **Family eligibility.** (a) For a family to receive an early learning scholarship, parents or guardians must meet the following eligibility requirements:

(1) have a child three or four years of age on September 1 of the current school year, who has not yet started kindergarten; and

(2) have income equal to or less than 185 percent of federal poverty level income in the current calendar year, or be able to document their child's current participation in the free and reduced-price lunch program or child and adult care food program, National School Lunch Act, United States Code, title 42, sections 1751 and 1766; the Food Distribution Program on Indian Reservations, Food and Nutrition Act, United States Code, title 7, sections 2011-2036; Head Start under the federal Improving Head Start for School Readiness Act of 2007; Minnesota family investment program under chapter 256J; child care assistance programs under chapter 119B; the supplemental nutrition assistance program; or placement in foster care under section 260C.212.

(b) Notwithstanding the other provisions of this section, a parent under age 21 who is pursuing a high school or general education equivalency diploma is eligible for an early learning scholarship if the parent has a child age zero to five years old and meets the income eligibility guidelines in this subdivision.

(c) Any siblings between the ages zero to five years old of a child who has been awarded a scholarship under this section must be awarded a scholarship upon request, provided the sibling attends the same program as long as funds are available.

(d) A child who has received a scholarship under this section must continue to receive a scholarship each year until that child is eligible for kindergarten under section 120A.20 and as long as funds are available.

(e) Early learning scholarships may not be counted as earned income for the purposes of medical assistance under chapter 256B, MinnesotaCare under chapter 256L, Minnesota family investment program under chapter 256J, child care assistance programs under chapter 119B, or Head Start under the federal Improving Head Start for School Readiness Act of 2007.

(f) A child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service, who has received developmental screening under sections 121A.16 to 121A.19, who intends to enroll in a Minnesota school district, and whose family meets the criteria of paragraph (a) is eligible for an early learning scholarship under this section.

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

Sec. 7. Minnesota Statutes 2014, section 125A.03, is amended to read:

**125A.03 SPECIAL INSTRUCTION FOR CHILDREN WITH A DISABILITY.**

(a) As defined in paragraph (b), every district must provide special instruction and services, either within the district or in another district, for all children with a disability, including providing required services under Code of Federal Regulations, title 34, section 300.121, paragraph (d), to those children suspended or expelled from school for more than ten school days in that school year, who are residents of the district and who are disabled as set forth in section 125A.02. For purposes of state and federal special education laws, the phrase "special instruction and services" in the state Education Code means a free and appropriate public education provided to an eligible child with disabilities. "Free appropriate public education" means special education and related services that:

- (1) are provided at public expense, under public supervision and direction, and without charge;
- (2) meet the standards of the state, including the requirements of the Individuals with Disabilities Education Act, Part B or C;
- (3) include an appropriate preschool, elementary school, or secondary school education; and
- (4) are provided to children ages three through 21 in conformity with an individualized education program that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 300.320 to 300.324, and provided to infants and toddlers in conformity with an individualized family service plan that meets the requirements of the Individuals with Disabilities Education Act, subpart A, sections 303.300 to 303.346.

(b) Notwithstanding any age limits in laws to the contrary, special instruction and services must be provided from birth until July 1 after the child with a disability becomes 21 years old but shall not extend beyond secondary school or its equivalent, except as provided in section 124D.68, subdivision 2. Local health, education, and social service agencies must refer children under age five who are known to need or suspected of needing special instruction and services to the school district. Districts with less than the minimum number of eligible children with a disability as determined by the commissioner must cooperate with other districts to maintain a full range of programs for education and services for children with a disability. This section does not alter the compulsory attendance requirements of section 120A.22.

(c) At the board's discretion, a school district that participates in a reciprocity agreement with a neighboring state under section 124D.041 may enroll and provide special instruction and services to a child from an adjoining state whose family resides at a Minnesota address as assigned by the United States Postal Service if the district has completed child identification procedures for that child to determine the child's eligibility for special education services, and the child has received developmental screening under sections 121A.16 to 121A.19.

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

Sec. 8. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **School readiness.** For revenue for school readiness programs under Minnesota Statutes, sections 124D.15 and 124D.16:

\$	<u>22,420,000</u>	.....	<u>2016</u>
\$	<u>32,670,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$1,217,000 for 2015 and \$21,203,000 for 2016.

The 2017 appropriation includes \$2,355,000 for 2016 and \$30,315,000 for 2017.

Subd. 3. **Early learning scholarships.** For the early learning scholarship program under Minnesota Statutes, section 124D.165:

\$	<u>38,134,000</u>	.....	<u>2016</u>
\$	<u>48,384,000</u>	.....	<u>2017</u>

Up to \$950,000 each year is for administration of this program.

Any balance in the first year does not cancel but is available in the second year.

Subd. 4. **Head Start program.** For Head Start programs under Minnesota Statutes, section 119A.52:

\$	<u>20,100,000</u>	.....	<u>2016</u>
\$	<u>20,100,000</u>	.....	<u>2017</u>

Subd. 5. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	<u>28,220,000</u>	.....	<u>2016</u>
\$	<u>29,915,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$2,713,000 for 2015 and \$25,507,000 for 2016.

The 2017 appropriation includes \$2,834,000 for 2016 and \$27,081,000 for 2017.

Subd. 6. **Developmental screening aid.** For developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	<u>3,363,000</u>	.....	<u>2016</u>
\$	<u>3,369,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$338,000 for 2015 and \$3,025,000 for 2016.

The 2017 appropriation includes \$336,000 for 2016 and \$3,033,000 for 2017.

Subd. 7. **Parent-child home program.** For a grant to the parent-child home program:

\$	<u>350,000</u>	.....	<u>2016</u>
\$	<u>350,000</u>	.....	<u>2017</u>

The grant must be used for an evidence-based and research-validated early childhood literacy and school readiness program for children ages 16 months to four years at its existing suburban program location. The program must include urban and rural program locations for fiscal years 2016 and 2017.

Subd. 8. **Kindergarten entrance assessment initiative and intervention program.** For the kindergarten entrance assessment initiative and intervention program under Minnesota Statutes, section 124D.162:

\$	<u>281,000</u>	.....	<u>2016</u>
\$	<u>281,000</u>	.....	<u>2017</u>

Subd. 9. **Quality Rating System.** For transfer to the commissioner of human services for the purposes of expanding the Quality Rating and Improvement System under Minnesota Statutes, section 124D.142, in greater Minnesota and increasing supports for providers participating in the Quality Rating and Improvement System:

\$	<u>1,200,000</u>	.....	<u>2016</u>
\$	<u>2,300,000</u>	.....	<u>2017</u>

Any balance in the first year does not cancel but is available in the second year. The base for this program in fiscal year 2018 and later is \$1,750,000.

Subd. 10. **Early childhood programs at tribal schools.** For early childhood family education programs at tribal contract schools under Minnesota Statutes, section 124D.83, subdivision 4:

\$	<u>68,000</u>	.....	<u>2016</u>
\$	<u>68,000</u>	.....	<u>2017</u>

Subd. 11. **Educate parents partnership.** For the educate parents partnership under Minnesota Statutes, section 124D.129:

\$	<u>49,000</u>	.....	<u>2016</u>
\$	<u>49,000</u>	.....	<u>2017</u>

**ARTICLE 10**  
**PREVENTION**

Section 1. Minnesota Statutes 2014, section 121A.17, subdivision 3, is amended to read:

Subd. 3. **Screening program.** (a) A screening program must include at least the following components: developmental assessments, hearing and vision screening or referral, immunization review and referral, the child's height and weight, the date of the child's most recent comprehensive vision examination, if any, identification of risk factors that may influence learning, an interview with the parent about the child, and referral for assessment, diagnosis, and treatment when potential needs are identified. The district and the person performing or supervising the screening must provide a parent or guardian with clear written notice that the parent or guardian may decline to answer questions or provide information about family circumstances that might affect development and identification of risk factors that may influence learning. The notice must state "Early childhood developmental screening helps a school district identify children who may benefit from district and community resources available to help in their development. Early childhood developmental screening includes a vision screening that helps detect potential eye problems but is not a substitute for a comprehensive eye exam." The notice must clearly state that declining to answer questions or provide information does not prevent the child from being enrolled in kindergarten or first grade if all other screening components are met. If a parent or guardian is not able to read and comprehend the written notice, the district and the person performing or supervising the screening must convey the information in another manner. The notice must also inform the parent or guardian that a child need not submit to the district screening program if the child's health records indicate to the school that the child has received comparable developmental screening performed within the preceding 365 days by a public or private health care organization or individual health care provider. The notice must be given to a parent or guardian at the time the district initially provides information to the parent or guardian about screening and must be given again at the screening location.

(b) All screening components shall be consistent with the standards of the state commissioner of health for early developmental screening programs. A developmental screening program must not provide laboratory tests or a physical examination to any child. The district must request from the public or private health care organization or the individual health care provider the results of any laboratory test or physical examination within the 12 months preceding a child's scheduled screening. For the purposes of this section, "comprehensive vision examination" means a vision examination performed by an optometrist or ophthalmologist.

(c) If a child is without health coverage, the school district must refer the child to an appropriate health care provider.

(d) A board may offer additional components such as nutritional, physical and dental assessments, review of family circumstances that might affect development, blood pressure, laboratory tests, and health history.

(e) If a statement signed by the child's parent or guardian is submitted to the administrator or other person having general control and supervision of the school that the child has not been screened because of conscientiously held beliefs of the parent or guardian, the screening is not required.

Sec. 2. **COMPREHENSIVE VISION EXAMINATION REPORT.**

By January 15, 2017, the commissioner must submit to the committees of the legislature with jurisdiction over kindergarten through grade 12 education a report describing the number and proportion of children in each school district who report having had a comprehensive vision examination, disaggregated by age at the time of early childhood developmental screening under Minnesota Statutes, section 121A.17.

Sec. 3. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Community education aid.** For community education aid under Minnesota Statutes, section 124D.20:

\$	<u>788,000</u>	.....	<u>2016</u>
\$	<u>554,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$107,000 for 2015 and \$681,000 for 2016.

The 2017 appropriation includes \$75,000 for 2016 and \$479,000 for 2017.

Subd. 3. **Adults with disabilities program aid.** For adults with disabilities programs under Minnesota Statutes, section 124D.56:

\$	<u>710,000</u>	.....	<u>2016</u>
\$	<u>710,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$71,000 for 2015 and \$639,000 for 2016.

The 2017 appropriation includes \$71,000 for 2016 and \$639,000 for 2017.

Subd. 4. **Hearing-impaired adults.** For programs for hearing-impaired adults under Minnesota Statutes, section 124D.57:

\$	<u>70,000</u>	.....	<u>2016</u>
\$	<u>70,000</u>	.....	<u>2017</u>

Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes, section 124D.22:

\$	<u>1,000</u>	.....	<u>2016</u>
\$	<u>1,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$0 for 2015 and \$1,000 for 2016.

The 2017 appropriation includes \$0 for 2016 and \$1,000 for 2017.

## ARTICLE 11

### SELF-SUFFICIENCY AND LIFELONG LEARNING

Section 1. Minnesota Statutes 2014, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual who is a resident of Minnesota is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 2.10 percent of the first \$6,180 of earned income. The credit is reduced by 2.01 percent of earned income or adjusted gross income, whichever is greater, in excess of \$8,130, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 9.35 percent of the first \$11,120 of earned income. The credit is reduced by 6.02 percent of earned income or adjusted gross income, whichever is greater, in excess of \$21,190, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals 11 percent of the first \$18,240 of earned income. The credit is reduced by 10.82 percent of earned income or adjusted gross income, whichever is greater, in excess of \$25,130, but in no case is the credit less than zero.

(e) For a ~~nonresident~~ or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause (9), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses (10) and (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, and for tax years beginning after December 31, 2017, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h)(1) For tax years beginning after December 31, 2012, and before January 1, 2014, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are increased by \$5,340 for married taxpayers filing joint returns; and (2) for tax years beginning after December 31, 2013, and before January 1, 2018, the \$8,130 in paragraph (b), the \$21,190 in paragraph (c), and the \$25,130 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, 2012, and for tax years beginning after December 31, 2013, and before January 1, 2018, the commissioner shall

annually adjust the \$5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010, and in each subsequent year, from the 12 months ending on August 31, 2008, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(i) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2014.

Sec. 2. Minnesota Statutes 2014, section 290.0671, subdivision 6a, is amended to read:

Subd. 6a. **TANF appropriation for working family credit expansion.** (a) On an annual basis the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota Working Family Credit provided under this section that qualifies for payment with funds from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this total amount, the commissioner of revenue shall estimate the portion entailed by the expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12.

(b) An amount sufficient to pay the refunds entailed by the expansion of the credit rates provided in Laws 2000, chapter 490, article 4, section 17, for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12, as estimated in paragraph (a), is appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for transfer to the commissioner of revenue for deposit in the general fund.

**EFFECTIVE DATE.** This section is effective retroactively for transfers in fiscal year 2015 and thereafter.

Sec. 3. **APPROPRIATIONS.**

Subdivision 1. **Department of Education.** The sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	<u>49,118,000</u>	.....	<u>2016</u>
\$	<u>50,592,000</u>	.....	<u>2017</u>

The 2016 appropriation includes \$4,782,000 for 2015 and \$44,336,000 for 2016.

The 2017 appropriation includes \$4,926,000 for 2016 and \$45,666,000 for 2017.

Subd. 3. **GED tests.** For payment of 60 percent of the costs of GED tests under Minnesota Statutes, section 124D.55:

\$	<u>125,000</u>	.....	<u>2016</u>
\$	<u>125,000</u>	.....	<u>2017</u>

## ARTICLE 12

### STATE AGENCIES

Section 1. Minnesota Statutes 2014, section 5A.03, is amended to read:

#### **5A.03 ORGANIZATION APPLICATION FOR REGISTRATION.**

**Subdivision 1. Placing high school students in Minnesota.** (a) An application for registration as an international student exchange visitor placement organization must be submitted in the form prescribed by the secretary of state. The application must include:

(1) evidence that the organization meets the standards established by the secretary of state by rule;

(2) the name, address, and telephone number of the organization, its chief executive officer, and the person within the organization who has primary responsibility for supervising placements within the state;

(3) the organization's unified business identification number, if any;

(4) the organization's Office of Exchange Coordination and Designation, United States Department of State number, if any;

(5) evidence of Council on Standards for International Educational Travel listing, if any;

(6) whether the organization is exempt from federal income tax; and

(7) a list of the organization's placements in Minnesota for the previous academic year including the number of students placed, their home countries, the school districts in which they were placed, and the length of their placements.

(b) The application must be signed by the chief executive officer of the organization and the person within the organization who has primary responsibility for supervising placements within Minnesota. If the secretary of state determines that the application is complete, the secretary of state shall file the application and the applicant is registered.

(c) Organizations that have registered shall inform the secretary of state of any changes in the information required under paragraph (a), clause (1), within 30 days of the change. There is no fee to amend a registration.

(d) Registration under this chapter is valid for one year. The registration may be renewed annually. The fee to renew a registration is \$50 per year.

(e) Organizations registering for the first time in Minnesota must pay an initial registration fee of \$150.

(f) Fees collected by the secretary of state under this section must be deposited in the state treasury and credited to the general fund.

Subd. 2. **Placing Minnesota students in travel abroad programs.** (a) A school district or charter school with enrolled students who participate in a foreign exchange or study or other travel abroad program under a written agreement between the district or charter school and the program provider must use a form developed by the Department of Education to annually report to the department by November 1 the following data from the previous school year:

(1) the number of Minnesota student deaths that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program;

(2) the number of Minnesota students hospitalized due to accidents and the illnesses that occurred while Minnesota students were participating in the foreign exchange or study or other travel abroad program and that resulted from Minnesota students participating in the program; and

(3) the name and type of the foreign exchange or study or other travel abroad program and the city or region where the reported death, hospitalization due to accident, or the illness occurred.

(b) School districts and charter schools must ask but must not require enrolled eligible students and the parents or guardians of other enrolled students who complete a foreign exchange or study or other travel abroad program to disclose the information under paragraph (a).

(c) When reporting the data under paragraph (a), a school district or charter school may supplement the data with a brief explanatory statement. The Department of Education annually must aggregate and publish the reported data on the department Web site in a format that facilitates public access to the aggregated data and include links to both the United States Department of State's Consular Information Program that informs the public of conditions abroad that may affect students' safety and security and the publicly available reports on sexual assaults and other criminal acts affecting students participating in a foreign exchange or study or other travel abroad program.

(d) School districts and charter schools with enrolled students who participate in foreign exchange or study or other travel abroad programs under a written agreement between the district or charter school and the program provider are encouraged to adopt policies supporting the programs and to include program standards in their policies to ensure students' health and safety.

(e) To be eligible under this subdivision to provide a foreign exchange or study or other travel abroad program to Minnesota students enrolled in a school district or charter school, a program provider annually must register with the secretary of state and provide the following information on a form developed by the secretary of state: the name, address, and telephone number of the program provider, its chief executive officer, and the person within the provider's organization who is primarily responsible for supervising programs within the state; the program provider's unified business identification number, if any; whether the program provider is exempt from federal income tax; a list of the program provider's placements in foreign countries for the previous school year including the number of Minnesota students placed, where Minnesota students were placed, and the length of their placement; the terms and limits of the medical and accident insurance available to cover participating students and the process for filing a claim; and the signatures of the program provider's chief executive officer and the person primarily responsible for supervising Minnesota students' placements in foreign countries. If the secretary of state determines the registration is complete, the secretary of state shall file the registration and the program provider is registered.

Registration with the secretary of state must not be considered or represented as an endorsement of the program provider by the secretary of state. The secretary of state annually must publish on its Web site aggregated data under paragraph (c) received from the Department of Education.

(f) Program providers, annually by August 1, must provide the data required under paragraph (a), clauses (1) to (3), to the districts and charter schools with enrolled students participating in the provider's program.

(g) The Department of Education must publish the information it has under paragraph (c), but it is not responsible for any errors or omissions in the information provided to it by a school district or charter school. A school district or charter school is not responsible for omissions in the information provided to it by students and programs.

**EFFECTIVE DATE.** This section is effective for the 2015-2016 school year and later.

Sec. 2. Minnesota Statutes 2014, section 127A.353, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** The governor shall select the school trust lands director on the basis of outstanding professional qualifications and knowledge of finance, business practices, minerals, forest and real estate management, and the fiduciary responsibilities of a trustee to the beneficiaries of a trust. The school trust lands director serves in the unclassified service for a term of four years. The first term shall end on December 31, ~~2016~~ 2020. The governor may remove the school trust lands director for cause. If a director resigns or is removed for cause, the governor shall appoint a director for the remainder of the term.

Sec. 3. **APPROPRIATIONS; DEPARTMENT OF EDUCATION.**

Subdivision 1. Department of Education. Unless otherwise indicated, the sums indicated in this section are appropriated from the general fund to the Department of Education for the fiscal years designated.

Subd. 2. **Department.** (a) For the Department of Education:

\$	<u>20,805,000</u>	<u>.....</u>	<u>2016</u>
\$	<u>21,253,000</u>	<u>.....</u>	<u>2017</u>

Of these amounts:

(1) \$718,000 each year is for the Board of Teaching;

(2) \$228,000 in fiscal year 2016 and \$231,000 in fiscal year 2017 are for the Board of School Administrators;

(3) \$1,000,000 each year is for Regional Centers of Excellence under Minnesota Statutes, section 120B.115;

(4) \$500,000 each year is for the School Safety Technical Assistance Center under Minnesota Statutes, section 127A.052; and

(5) \$250,000 each year is for the School Finance Division to enhance financial data analysis.

(b) Any balance in the first year does not cancel but is available in the second year.

(c) None of the amounts appropriated under this subdivision may be used for Minnesota's Washington, D.C. office.

(d) The expenditures of federal grants and aids as shown in the biennial budget document and its supplements are approved and appropriated and shall be spent as indicated.

(e) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the Department of Education under the rates and mechanism specified in that agreement.

(f) The agency's base budget in fiscal year 2018 is \$21,427,000. The agency's base budget in fiscal year 2019 is \$21,405,000.

**Sec. 4. APPROPRIATIONS; MINNESOTA STATE ACADEMIES.**

(a) The sums indicated in this section are appropriated from the general fund to the Minnesota State Academies for the Deaf and the Blind for the fiscal years designated:

\$	<u>12,853,000</u>	.....	<u>2016</u>
\$	<u>12,819,000</u>	.....	<u>2017</u>

(b) Of the amounts appropriated in paragraph (a), \$708,000 in fiscal year 2016 and \$490,000 in fiscal year 2017 are for technology enhancements and may be used for: (1) computer hardware; (2) computer software; (3) connectivity, communications, and infrastructure; (4) assistive technology; (5) access to electronic books and other online materials, licenses, and subscriptions; and (6) technology staff and training costs.

(c) Any balance in the first year does not cancel but is available in the second year.

(d) The agency's budget base in fiscal year 2018 is \$12,804,000.

(e) The agency's budget base in fiscal year 2019 is \$12,786,000.

**Sec. 5. APPROPRIATIONS; PERPICH CENTER FOR ARTS EDUCATION.**

(a) The sums in this section are appropriated from the general fund to the Perpich Center for Arts Education for the fiscal years designated:

\$	<u>6,872,000</u>	.....	<u>2016</u>
\$	<u>6,973,000</u>	.....	<u>2017</u>

(b) Any balance in the first year does not cancel but is available in the second year.

**ARTICLE 13**

**FORECAST ADJUSTMENTS**

**A. GENERAL EDUCATION**

Section 1. Laws 2013, chapter 116, article 1, section 58, subdivision 2, as amended by Laws 2013, chapter 144, section 7, and Laws 2014, chapter 312, article 15, section 26, is amended to read:

Subd. 2. **General education aid.** For general education aid under Minnesota Statutes, section 126C.13, subdivision 4:

\$	6,851,419,000	.....	2014
	<del>6,464,199,000</del>		
\$	<u>6,443,330,000</u>	.....	2015

The 2014 appropriation includes \$780,156,000 for 2013 and \$6,071,263,000 for 2014.

The 2015 appropriation includes ~~\$589,095,000~~ \$586,824,000 for 2014 and ~~\$5,875,104,000~~ \$5,856,506,000 for 2015.

Sec. 2. Laws 2013, chapter 116, article 1, section 58, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 1, is amended to read:

Subd. 3. **Enrollment options transportation.** For transportation of pupils attending postsecondary institutions under Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts under Minnesota Statutes, section 124D.03:

\$	37,000	.....	2014
	<del>40,000</del>		
\$	<u>36,000</u>	.....	2015

Sec. 3. Laws 2013, chapter 116, article 1, section 58, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 2, is amended to read:

Subd. 4. **Abatement revenue.** For abatement aid under Minnesota Statutes, section 127A.49:

\$	2,876,000	.....	2014
	<del>3,103,000</del>		
\$	<u>2,796,000</u>	.....	2015

The 2014 appropriation includes \$301,000 for 2013 and \$2,575,000 for 2014.

The 2015 appropriation includes \$286,000 for 2014 and ~~\$2,817,000~~ \$2,510,000 for 2015.

Sec. 4. Laws 2013, chapter 116, article 1, section 58, subdivision 5, as amended by Laws 2014, chapter 312, article 22, section 3, is amended to read:

Subd. 5. **Consolidation transition.** For districts consolidating under Minnesota Statutes, section 123A.485:

\$	585,000	.....	2014
	<del>254,000</del>		
\$	<u>263,000</u>	.....	2015

The 2014 appropriation includes \$40,000 for 2013 and \$545,000 for 2014.

The 2015 appropriation includes \$60,000 for 2014 and ~~\$194,000~~ \$203,000 for 2015.

Sec. 5. Laws 2013, chapter 116, article 1, section 58, subdivision 6, as amended by Laws 2014, chapter 312, article 15, section 27, is amended to read:

Subd. 6. **Nonpublic pupil education aid.** For nonpublic pupil education aid under Minnesota Statutes, sections 123B.40 to 123B.43 and 123B.87:

\$	15,867,000	.....	2014
	<del>16,132,000</del>		
\$	<u>15,569,000</u>	.....	2015

The 2014 appropriation includes \$1,898,000 for 2013 and \$13,969,000 for 2014.

The 2015 appropriation includes ~~\$1,552,000~~ \$1,394,000 for 2014 and ~~\$14,580,000~~ \$14,175,000 for 2015.

Sec. 6. Laws 2013, chapter 116, article 1, section 58, subdivision 7, as amended by Laws 2014, chapter 312, article 15, section 28, is amended to read:

Subd. 7. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$	18,500,000	.....	2014
	<del>17,710,000</del>		
\$	<u>18,118,000</u>	.....	2015

The 2014 appropriation includes \$2,602,000 for 2013 and \$15,898,000 for 2014.

The 2015 appropriation includes \$1,766,000 for 2014 and ~~\$15,944,000~~ \$16,352,000 for 2015.

Sec. 7. Laws 2013, chapter 116, article 1, section 58, subdivision 11, as amended by Laws 2014, chapter 312, article 22, section 4, is amended to read:

Subd. 11. **Career and technical aid.** For career and technical aid under Minnesota Statutes, section 124D.4531, subdivision 1b:

\$	3,959,000	.....	2014
	<del>5,172,000</del>		
\$	<u>5,617,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2013 and \$3,959,000 for 2014.

The 2015 appropriation includes ~~\$439,000~~ \$445,000 for 2014 and ~~\$4,733,000~~ \$5,172,000 for 2015.

## B. EDUCATION EXCELLENCE

Sec. 8. Laws 2013, chapter 116, article 3, section 37, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 5, is amended to read:

Subd. 3. **Achievement and integration aid.** For achievement and integration aid under Minnesota Statutes, section 124D.862:

\$	55,609,000	.....	2014
	<del>62,692,000</del>		
\$	<u>63,831,000</u>	.....	2015

The 2014 appropriation includes \$0 for 2013 and \$55,609,000 for 2014.

The 2015 appropriation includes ~~\$6,178,000~~ \$6,386,000 for 2014 and ~~\$56,514,000~~ \$57,445,000 for 2015.

Sec. 9. Laws 2013, chapter 116, article 3, section 37, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 6, is amended to read:

Subd. 4. **Literacy incentive aid.** For literacy incentive aid under Minnesota Statutes, section 124D.98:

\$	50,998,000	.....	2014
	<del>47,458,000</del>		
\$	<u>44,839,000</u>	.....	2015

The 2014 appropriation includes \$6,607,000 for 2013 and \$44,391,000 for 2014.

The 2015 appropriation includes \$4,932,000 for 2014 and ~~\$42,526,000~~ \$39,907,000 for 2015.

Sec. 10. Laws 2013, chapter 116, article 3, section 37, subdivision 5, as amended by Laws 2014, chapter 312, article 22, section 7, is amended to read:

Subd. 5. **Interdistrict desegregation or integration transportation grants.** For interdistrict desegregation or integration transportation grants under Minnesota Statutes, section 124D.87:

\$	13,521,000	.....	2014
	<del>14,248,000</del>		
\$	<u>14,261,000</u>	.....	2015

Sec. 11. Laws 2013, chapter 116, article 3, section 37, subdivision 20, as amended by Laws 2013, chapter 144, section 10, and Laws 2014, chapter 312, article 22, section 9, is amended to read:

Subd. 20. **Alternative compensation.** For alternative teacher compensation aid under Minnesota Statutes, section 122A.415, subdivision 4:

	<del>71,599,000</del>		
\$	<u>69,899,000</u>	.....	2015

The 2015 appropriation includes \$0 for 2014 and ~~\$71,599,000~~ \$69,899,000 for 2015.

### C. CHARTER SCHOOLS

Sec. 12. Laws 2013, chapter 116, article 4, section 9, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 10, is amended to read:

Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota Statutes, section 124D.11, subdivision 4:

\$	54,625,000	.....	2014
	<del>58,294,000</del>		
\$	<u>59,565,000</u>	.....	2015

The 2014 appropriation includes \$6,681,000 for 2013 and \$47,944,000 for 2014.

The 2015 appropriation includes ~~\$5,327,000~~ \$5,270,000 for 2014 and ~~\$52,967,000~~ \$54,295,000 for 2015.

#### D. SPECIAL PROGRAMS

Sec. 13. Laws 2013, chapter 116, article 5, section 31, subdivision 2, as amended by Laws 2013, chapter 144, section 14, and Laws 2014, chapter 312, article 22, section 11, is amended to read:

Subd. 2. **Special education; regular.** For special education aid under Minnesota Statutes, section 125A.75:

\$	1,038,465,000	.....	2014
	<del>1,111,641,000</del>		
\$	<u>1,109,144,000</u>	.....	2015

The 2014 appropriation includes \$118,183,000 for 2013 and \$920,282,000 for 2014.

The 2015 appropriation includes ~~\$129,549,000~~ \$129,317,000 for 2014 and ~~\$982,092,000~~ \$979,827,000 for 2015.

Sec. 14. Laws 2013, chapter 116, article 5, section 31, subdivision 3, as amended by Laws 2014, chapter 312, article 22, section 12, is amended to read:

Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes, section 125A.75, subdivision 3, for children with disabilities placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$	1,548,000	.....	2014
	<del>1,674,000</del>		
\$	<u>1,367,000</u>	.....	2015

If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 15. Laws 2013, chapter 116, article 5, section 31, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 13, is amended to read:

Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based services under Minnesota Statutes, section 125A.75, subdivision 1:

\$	351,000	.....	2014
	<del>346,000</del>		
\$	<u>351,000</u>	.....	2015

The 2014 appropriation includes \$45,000 for 2013 and \$306,000 for 2014.

The 2015 appropriation includes \$33,000 for 2014 and ~~\$313,000~~ \$318,000 for 2015.

### E. FACILITIES AND TECHNOLOGY

Sec. 16. Laws 2013, chapter 116, article 6, section 12, subdivision 2, as amended by Laws 2014, chapter 312, article 22, section 15, is amended to read:

Subd. 2. **Health and safety revenue.** For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$	471,000	.....	2014
	<del>651,000</del>		
\$	<u>649,000</u>	.....	2015

The 2014 appropriation includes \$24,000 for 2013 and \$447,000 for 2014.

The 2015 appropriation includes \$49,000 for 2014 and ~~\$602,000~~ \$600,000 for 2015.

Sec. 17. Laws 2013, chapter 116, article 6, section 12, subdivision 6, as amended by Laws 2014, chapter 312, article 22, section 18, is amended to read:

Subd. 6. **Deferred maintenance aid.** For deferred maintenance aid, according to Minnesota Statutes, section 123B.591, subdivision 4:

\$	3,877,000	.....	2014
	<del>4,024,000</del>		
\$	<u>4,067,000</u>	.....	2015

The 2014 appropriation includes \$475,000 for 2013 and \$3,402,000 for 2014.

The 2015 appropriation includes \$378,000 for 2014 and ~~\$3,646,000~~ \$3,689,000 for 2015.

### F. NUTRITION AND LIBRARIES

Sec. 18. Laws 2013, chapter 116, article 7, section 21, subdivision 2, as amended by Laws 2014, chapter 312, article 19, section 5, is amended to read:

Subd. 2. **School lunch.** For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

\$	12,417,000	.....	2014
	<del>16,185,000</del>		
\$	<u>15,506,000</u>	.....	2015

Sec. 19. Laws 2013, chapter 116, article 7, section 21, subdivision 3, as amended by Laws 2014, chapter 312, article 19, section 6, is amended to read:

Subd. 3. **School breakfast.** For traditional school breakfast aid under Minnesota Statutes, section 124D.1158:

\$	5,308,000	.....	2014
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	6,176,000		
\$	<u>9,168,000</u>	.....	2015

Sec. 20. Laws 2013, chapter 116, article 7, section 21, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 19, is amended to read:

Subd. 4. **Kindergarten milk.** For kindergarten milk aid under Minnesota Statutes, section 124D.118:

\$	992,000	.....	2014
	<del>1,002,000</del>		
\$	<u>942,000</u>	.....	2015

### **G. EARLY CHILDHOOD EDUCATION, SELF-SUFFICIENCY, AND LIFELONG LEARNING**

Sec. 21. Laws 2013, chapter 116, article 8, section 5, subdivision 3, as amended by Laws 2014, chapter 312, article 20, section 17, is amended to read:

Subd. 3. **Early childhood family education aid.** For early childhood family education aid under Minnesota Statutes, section 124D.135:

\$	22,797,000	.....	2014
	<del>26,651,000</del>		
\$	<u>26,623,000</u>	.....	2015

The 2014 appropriation includes \$3,008,000 for 2013 and \$19,789,000 for 2014.

The 2015 appropriation includes \$2,198,000 for 2014 and ~~\$24,453,000~~ \$24,425,000 for 2015.

Sec. 22. Laws 2013, chapter 116, article 8, section 5, subdivision 4, as amended by Laws 2014, chapter 312, article 22, section 23, is amended to read:

Subd. 4. **Health and developmental screening aid.** For health and developmental screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

\$	3,524,000	.....	2014
	<del>3,330,000</del>		
\$	<u>3,390,000</u>	.....	2015

The 2014 appropriation includes \$471,000 for 2013 and \$3,053,000 for 2014.

The 2015 appropriation includes \$339,000 for 2014 and ~~\$2,991,000~~ \$3,051,000 for 2015.

Sec. 23. Laws 2013, chapter 116, article 8, section 5, subdivision 14, as amended by Laws 2014, chapter 312, article 20, section 20, is amended to read:

Subd. 14. **Adult basic education aid.** For adult basic education aid under Minnesota Statutes, section 124D.531:

\$	48,776,000	.....	2014
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\$ 48,415,000  
47,750,000 ..... 2015

The 2014 appropriation includes \$6,278,000 for 2013 and \$42,498,000 for 2014.

The 2015 appropriation includes ~~\$4,722,000~~ \$4,712,000 for 2014 and ~~\$43,693,000~~ \$43,038,000 for 2015."

Amend the title as follows:

Page 1, delete lines 2 to 7 and insert "relating to state government; providing for funding and policy in early childhood, kindergarten through grade 12, and adult education, including general education, education excellence, standards and assessments, charter schools, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; modifying an income tax credit; modifying a sales tax exemption; requiring rulemaking; requiring reports; appropriating money;"

Correct the title numbers accordingly

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

House Conferees: Jenifer Loon, Sondra Erickson, Ron Kresha, Bob Dettmer, Roz Peterson

Senate Conferees: Charles W. Wiger, Alice M. Johnson, LeRoy A. Stumpf, Kevin L. Dahle, Eric R. Pratt

Senator Wiger moved that the foregoing recommendations and Conference Committee Report on H.F. No. 844 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Senator Gazelka imposed a call of the Senate for the balance of the proceedings on H.F. No. 844. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Wiger motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 844 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 52 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Hawj	Kiffmeyer	Nienow
Bakk	Dziedzic	Hayden	Koenen	Ortman
Bonoff	Eken	Hoffman	Latz	Pederson, J.
Carlson	Fischbach	Housley	Limmer	Pratt
Clausen	Franzen	Ingebrigtsen	Lourey	Reinert
Cohen	Gazelka	Jensen	Metzen	Rest
Dahle	Goodwin	Johnson	Miller	Rosen
Dahms	Hann	Kent	Nelson	Ruud

Saxhaug  
Schmit  
Senjem

Sheran  
Skoe  
Sparks

Stumpf  
Tomassoni  
Weber

Westrom  
Wiger  
Wiklund

Those who voted in the negative were:

Benson  
Chamberlain  
Champion

Eaton  
Hall  
Marty

Newman  
Osmek  
Pappas

Petersen, B.  
Scalze  
Sieben

Thompson  
Torres Ray

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 698 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 698

A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying provisions for Legislative-Citizen Commission on Minnesota Resources; amending Minnesota Statutes 2014, sections 116P.05, subdivision 2; 116P.08, subdivisions 5, 6, 7; 116P.09, subdivisions 6, 8.

May 17, 2015

The Honorable Sandra L. Pappas  
President of the Senate

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

We, the undersigned conferees for S.F. No. 698 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 698 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. **APPROPRIATIONS.**

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

### **APPROPRIATIONS** **Available for the Year** **Ending June 30**

**2016**

**2017**

Sec. 2. MINNESOTA RESOURCES.

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>46,383,000</u>	<u>\$</u>	<u>-0-</u>
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<u>Appropriations by Fund</u>	
<u>2016</u>	<u>2017</u>

<u>Environment and natural resources trust fund</u>	<u>46,324,000</u>		<u>-0-</u>
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<u>Great Lakes protection account</u>	<u>59,000</u>		<u>-0-</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Appropriations are available for two years beginning July 1, 2015, unless otherwise stated in the appropriation. Any unencumbered balance remaining in the first year does not cancel and is available for the second year or until the end of the appropriation.

Subd. 2. Definition

"Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

Subd. 3. Foundational Natural Resource Data and Information

		<u>12,932,000</u>		<u>-0-</u>
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(a) County Geologic Atlases - Part A

\$2,040,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Geological Survey to continue acceleration of the production of county geologic atlases for the purpose of sustainable management of surface water and groundwater resources. This appropriation is to complete Part A of county geologic atlases, which focuses on the properties and distribution of earth materials in order to define aquifer boundaries and the connection of aquifers to the land surface and surface water resources. This appropriation

is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) County Geologic Atlases - Part B**

\$2,000,000 the first year is from the trust fund to the commissioner of natural resources to continue acceleration of the production of county geologic atlases for the purpose of sustainable management of surface water and groundwater resources. This appropriation is to complete Part B of county geologic atlases, which focuses on the properties and distribution of subsurface water found within geologic formations mapped in Part A in order to characterize the potential yield of aquifers and their sensitivity to contamination. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(c) Minnesota Biological Survey**

\$2,450,000 the first year is from the trust fund to the commissioner of natural resources for continuation of the Minnesota biological survey to provide a foundation for conserving biological diversity by systematically collecting, interpreting, monitoring, and delivering data on plant and animal distribution and ecology, native plant communities, and functional landscapes.

**(d) Minnesota Biodiversity Atlas for Enhanced Natural Resource Management**

\$340,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Bell Museum of Natural History to create a publicly accessible, online tool and repository that will electronically integrate over 600,000 existing biodiversity records, 300,000 existing images, and future data and associated imagery pertaining to Minnesota wildlife, plant, and fungi species in order to enhance research, guide field surveys, and inform conservation planning. This appropriation is available until June

30, 2018, by which time the project must be completed and final products delivered.

**(e) Updating the National Wetland Inventory for Minnesota - Phase V**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources to continue to update and enhance wetland inventory maps for Minnesota. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(f) Creating a Statewide Wetland Bird Monitoring Program**

\$146,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Audubon Minnesota to develop a statewide wetland bird monitoring program to enable long-term monitoring of the status of wetland birds and the health of their wetland habitats. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(g) Minnesota Native Bee Atlas**

\$790,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to supplement and enhance existing bee survey efforts by engaging citizens in helping to document the distribution and phenology of wild Minnesota bees and integrating data from all related bee survey efforts into a single publicly accessible, online tool and repository. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(h) Reintroduction and Interpretation of Bison in Minnesota State Parks**

\$600,000 the first year is from the trust fund to the commissioner of natural resources to preserve American bison by reintroducing bison to Minneopa State Park and provide interpretive learning opportunities at Blue

Mounds and Minneopa State Parks. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(i) Endangered Bats, White-Nose Syndrome, and Forest Habitat**

\$1,250,000 the first year is from the trust fund to the commissioner of natural resources in cooperation with the University of Minnesota and the United States Forest Service to survey and radio-track endangered bats to define and understand summer forest habitat use in order to minimize forestry impacts and mitigate white-nose syndrome disease impacts. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(j) Assessing Contaminants in Minnesota Loons and Pelicans - Phase III**

\$141,000 the first year is from the trust fund to the commissioner of natural resources to continue to assess the potential impact of petroleum, dispersants, and heavy metal contaminants from the Deepwater Horizon oil spill in the Gulf of Mexico on the wintering habitat of Minnesota's common loons and white pelicans using radiotelemetry, geolocators, and contaminant analysis.

**(k) Movement and Seasonal Habitat Use of Minnesota Elk**

\$200,000 the first year is from the trust fund to the commissioner of natural resources to collect biological information about Minnesota elk, including movements and habitat use to enable long-term, sustainable management. This appropriation is contingent on a \$50,000 match from state or nonstate sources. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(l) Genetic and Camera Techniques to Estimate Carnivore Populations**

\$200,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota – Duluth for the Natural Resources Research Institute to use genetic sampling and remote cameras to improve monitoring of distributions and estimate population sizes of carnivore species.

**(m) Aquatic and Terrestrial Reptile Habitat**

\$250,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the University of St. Thomas in cooperation with the Three Rivers Park District to analyze the aquatic and terrestrial habitat for certain reptile species in urban lakes and to make specific recommendations to protect and enhance the habitat. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(n) Digitization of Historic Gullion Ruffed Grouse Research**

\$75,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Central Lakes College to preserve the Gordon Gullion ruffed grouse data sets as permanent digital data files in order to improve accessibility to the information and inform forest wildlife conservation policies and practices.

**(o) Effects of Grazing Versus Fire for Prairie Management**

\$414,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to compare the effects of conservation grazing and prescribed fire on tallgrass prairie plants and pollinators in Minnesota in order to inform and improve land management practices. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(p) Assessing Ecological Impact of St. Anthony Falls Lock Closure**

\$125,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minneapolis Riverfront Partnership to study the impact of altered river flow due to closure of the Upper Lock on the Mississippi River at St. Anthony Falls on the physical and biological characteristics of the river between the Coon Rapids Dam and Lock and Dam No. 1 in order to inform future river restoration efforts.

**(q) Foundational Dataset Characterizing Historic Forest Disturbance Impacts**

\$200,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to quantify forest disturbance impacts over the past forty years on water quality, wildlife demographics, and wood fiber supply in order to identify management strategies that better respond to disturbance impacts and improve and sustain forest resources. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(r) Hydrologic Effects of Contemporary Forest Practices in Minnesota**

\$150,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to install hydrologic monitoring stations to collect water quantity and quality data from lands managed for timber production to better understand the relationship between harvest practices and water resources and related responses to changing climate and other disturbance factors in order to inform forest management practices. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(s) Habitat Mitigation for Goblin Fern Conservation**

\$61,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Leech Lake Band of

Ojibwe to examine goblin fern populations, a threatened species in Minnesota, in relation to habitat degradation and to develop long-term habitat mitigation and species conservation strategies. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**Subd. 4. Water Resources**

3,065,000

-0-

**(a) Understanding Water Scarcity, Threats, and Values to Improve Management**

\$234,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to model and map statewide water scarcity and abundance; assess water-related risks to industry, municipalities, and ecosystems; and quantify the economic values of changes in water quality and quantity in order to inform long-term water sustainability strategies. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) Biofilm Technology for Water Nutrient Removal**

\$281,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop a simulated lichen biofilm system that can be used to remove pollutants and recycle nutrients from storm water runoff and polluted lakes, ponds, and lagoons. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(c) Biological Consequences of Septic Pollution in Minnesota Lakes**

\$364,000 the first year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for St. Cloud State University to assess the

presence of possible sources of contaminants of emerging concern in Minnesota lakes in order to determine their effects on fish health, understand the potential contribution from septic systems, and inform options for remediation and prevention to protect Minnesota lakes from these contaminants in the future. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Preventing Phosphorous from Entering Water Resources through Drain Tiles**

\$505,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop a new nanocomposite material made from biomass that is designed to adsorb phosphorus, nitrogen, and pesticides from storm water and drain tile runoff discharge for recycling back to agricultural lands. This appropriation is subject to Minnesota Statutes, section 116P.10.

**(e) Southeast Minnesota Cover Crop and Soil Health Initiatives**

\$253,000 the first year is from the trust fund to the Board of Water and Soil Resources to promote cover crops as a means of protecting soil and water quality in southeastern Minnesota through training and education for local practitioners, economic analysis of implementation, and on-farm demonstration sites. This effort must be coordinated with the University of Minnesota Forever Green Initiative. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(f) Southeast Minnesota Subsurface Drainage Impacts on Groundwater Recharge**

\$488,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the United States Geological Survey to assess the relationship

between agricultural drainage and water flow within the unique karst geology of southeast Minnesota to characterize the potential impacts of drainage on groundwater recharge and groundwater sustainability in the region. This appropriation is not subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(g) Using Hydroacoustics to Monitor Sediment in Minnesota Rivers**

\$455,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the United States Geological Survey to install hydroacoustic equipment on the lower Minnesota and Mississippi Rivers to improve measurement and monitoring accuracy for suspended sediment and enhance ongoing sediment reduction efforts by state, federal, and local agencies. This appropriation is not subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(h) Assessment of Irrigation Efficiencies in Benton County**

\$431,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Benton Soil and Water Conservation District to develop and implement a decision support system to increase irrigation efficiencies and provide outreach on irrigation best management practices. Software developed with this appropriation must be available in the public domain. Project efforts should be coordinated with the Department of Natural Resources. This appropriation is available until June 30, 2019, by which time the project must be completed and final products delivered.

**(i) Shoreview Water Consumption and Groundwater Awareness Project**

\$54,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Shoreview to provide biweekly water consumption data to at least 400 residential households for a two-year period to determine whether additional groundwater can be conserved with greater awareness of consumption data. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**Subd. 5. Environmental Education**

1,004,000

-0-

**(a) Trap Shooting Sports Facility Grants**

\$132,000 the first year is from the trust fund to the commissioner of natural resources for trap shooting sports facility grants under Minnesota Statutes, section 87A.10.

**(b) Connecting Students with Watersheds through Hands-On Learning**

\$400,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Minnesota Trout Unlimited to provide hands-on learning focused on water quality, groundwater, aquatic life, and watershed health stewardship. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(c) Zumbro River Watershed Recreational Learning Stewardship Sites**

\$300,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Zumbro Watershed Partnership to develop at least six recreational and educational sites on the Zumbro River with water quality demonstration elements and interpretative signage designed to encourage adoption of water protection practices. No more than 15 percent of this appropriation may be spent on site and construction consultation, planning, and design. Any plantings or restoration activities conducted with this appropriation must use

native plant species according to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Students Engaging Local Watersheds Using Mobile Technologies**

\$147,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Twin Cities Public Television to deliver an experiential, project-based educational program using mobile technologies to empower at least 200 middle school students in 4-H programs to engage in understanding and protecting local water resources.

**(e) Mississippi River Water Journey Camps**

\$25,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to design and pilot two week-long summer camps for youth ages 6 to 11 focused around clean water and the Mississippi River and designed to get children outdoors exploring and engaged with the natural environment and creating educational materials to help their communities protect water quality.

**Subd. 6. Aquatic and Terrestrial Invasive Species**

6,071,000

-0-

**(a) Minnesota Invasive Terrestrial Plants and Pests Center**

\$5,000,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Invasive Terrestrial Plants and Pests Center established in Laws 2014, chapter 312, article 13, section 44, to conduct research to prevent, minimize, and mitigate the threats and impacts posed by invasive plants, pathogens, and pests to the state's prairies, forests, wetlands, and agricultural resources. This appropriation is available until June 30, 2023, by which

time the project must be completed and final products delivered.

**(b) Emerald Ash Borer Ecological and Hydrological Impacts - Phase II**

\$400,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to assess the potential impacts of emerald ash borer on Minnesota black ash forests and quantify potential impacts on native forest vegetation, invasive species spread, and hydrology. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(c) Biological Control of Canada Thistle**

\$300,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to develop a biological control for Canada thistle, an invasive plant species in Minnesota. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Preventing New Disease of Pines in Minnesota**

\$371,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to establish early detection for heterobasidion, an invasive root rot fungus, and develop efforts to prevent its spread and reduce its impact. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

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

2,268,000

-0-

**(a) Renewable and Sustainable Fertilizers Produced Locally**

\$1,000,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Morris West Central Research and Outreach Center and Twin

Cities Campus to develop and demonstrate new technologies aimed at enabling renewable and sustainable production of ammonia for fertilizer in a localized manner. This appropriation is subject to Minnesota Statutes, section 116P.10. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) Reducing Emissions from Open Burning through Biomass Gasification**

\$268,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota in cooperation with the Department of Natural Resources to characterize and promote distributed biomass gasification of wood waste as a means for producing renewable and sustainable energy in rural areas through a demonstration at the Department of Natural Resources regional office facility in New Ulm.

**(c) Building Deconstruction to Reduce Greenhouse Gas Emissions and Solid Waste**

\$845,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Better Futures Minnesota in cooperation with the Northwest Indian Opportunities Industrialization Center and \$155,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota – Duluth for the Natural Resources Research Institute to develop and test a model for implementing building deconstruction and material reuse as a competitive alternative to demolition for the purpose of reducing greenhouse gas emissions, reducing landfill waste, and providing job training. The project report must quantify and document greenhouse gas emissions reductions resulting from specific deconstruction techniques and materials reuses.

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

4,646,000

-0-

Appropriations by Fund

Environment and natural  
resources trust fund

4,587,000

-0-

Great Lakes protection  
account

59,000

-0-

**(a) Prioritizing Future Management of  
North Shore Trout Streams**

\$357,000 the first year is from the trust fund and \$59,000 the first year is from the Great Lakes protection account to the Board of Regents of the University of Minnesota – Duluth for the Natural Resources Research Institute to identify key areas in North Shore streams that supply the cold groundwater essential to sustaining trout fisheries, in order to focus habitat restoration, protection, and management efforts on the areas that are most essential for long-term stream health and sustainability. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) Propagating Native Plants and Restoring Diverse Habitats**

\$495,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Martin County Soil and Water Conservation District for a cooperative 13-county effort by Blue Earth, Brown, Cottonwood, Crow Wing, Faribault, Freeborn, Jackson, Lake, Le Sueur, Martin, Nicollet, Waseca, and Watonwan Counties to protect and expand native forest and prairie habitat for species in greatest conservation need in four regions of the state through collection and propagation of local ecotype native plants, habitat restoration efforts, and educational outreach. This appropriation is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(c) Preserving and Protecting Minnesota  
Native Orchid Species**

\$167,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota for the Minnesota Landscape Arboretum for propagation and cultivation research to enable long-term conservation of at least 15 selected species of the 48 native orchid species in Minnesota. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Acceleration of Minnesota  
Conservation Assistance – Final Phase**

\$1,000,000 the first year is from the trust fund to the Board of Water and Soil Resources for the final phase of a pilot program to provide grants to soil and water conservation districts and other units of local and state government for employment of staff to provide technical assistance to secure enrollment and retention of private lands in federal and state conservation programs. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(e) Metro Conservation Corridors -  
Phase VIII Prairie, Forest, and Savanna  
Restoration**

\$276,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Friends of the Mississippi River for Phase VIII of the Metro Conservation Corridors partnership to conduct restoration activities on at least 195 acres of forest and savanna and at least 60 acres of prairie to preserve and increase wildlife habitat in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. Expenditures are limited to the identified project corridor areas as defined in the work plan. A list of proposed restorations must be provided as part of

the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(f) Metro Conservation Corridors - Phase VIII Enhancing Restoration Techniques for Improved Climate Resilience and Pollinator Conservation**

\$400,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Great River Greening for Phase VIII of the Metro Conservation Corridors partnership to pilot and evaluate innovative restoration techniques aimed at improving the resilience of bur oak communities to changing climate conditions and enhancing prairie management to benefit pollinators with the help and engagement of citizen volunteers. Expenditures on restoration efforts are limited to the identified project corridor areas as defined in the work plan. A list of proposed restorations must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which point the project must be completed and final products delivered.

**(g) Minnesota State University Moorhead Prairie and Riparian Restoration and Monitoring**

\$527,000 the first year is from the trust fund to the Board of Trustees of the Minnesota State Colleges and Universities system for Minnesota State University Moorhead in cooperation with the Department of Natural Resources to restore and monitor 160 acres of prairie and riparian habitat and develop and disseminate monitoring protocols. This appropriation is contingent upon the donation of a 60-acre parcel to Minnesota State University Moorhead from the Minnesota State University Moorhead Alumni Foundation and is available until June 30, 2020, by which time the project must be completed and final products delivered.

**(h) Improving Community Forests Through Citizen Engagement**

\$800,000 the first year is from the trust fund to the commissioner of natural resources to design and pilot a program, including grants to communities, to mobilize citizen volunteers to protect, improve, and maintain local forests in communities around the state. Participation is open to any municipality in the state and participating municipalities will be selected through a competitive proposal process that will include representation from both metropolitan and nonmetropolitan areas of the state. Trees planted using this appropriation must be species that are native to Minnesota. A participating municipality must provide a match of not less than 25 percent, up to half of which may be in the form of in-kind support. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(i) Flood Recovery on Sargent Creek in Duluth**

\$300,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the city of Duluth to re-establish stable and natural streambanks with riparian and aquatic habitat restoration on at least 5,400 linear feet of Sargent Creek in Duluth destroyed during the flood of 2012.

**(j) Shoreland Protection for Lower St. Croix River**

\$190,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Croix River Association to provide technical assistance to landowners, local governments, realtors, and developers on shoreland conservation and protection of the lower St. Croix River. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(k) Redwood and Renville Counties  
Outdoor Recreation and Conservation  
Master Plan**

\$75,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with Renville County in cooperation with Redwood County to develop a joint outdoor recreation and conservation master plan to guide future development and protect cultural, historical, and natural resources in the Minnesota River Valley.

**Subd. 9. Land Acquisition for Habitat and Recreation**

14,190,000

-0-

**(a) State Parks and Trails Land Acquisitions**

\$1,500,000 the first year is from the trust fund to the commissioner of natural resources to acquire at least 335 acres for authorized state trails and critical parcels within the statutory boundaries of state parks. State park land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. A list of proposed acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(b) Metropolitan Regional Park System Land Acquisition – Phase IV**

\$1,000,000 the first year is from the trust fund to the Metropolitan Council for grants to acquire at least 133 acres of lands within the approved park unit boundaries of the metropolitan regional park system. This appropriation may not be used to purchase habitable residential structures. A list of proposed fee title and easement acquisitions must be provided as part of the required work plan. This appropriation must be matched by at least 40 percent of nonstate money that must be committed by December 31, 2015, or

the appropriation cancels. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(c) SNA Acquisition, Restoration, Enhancement, and Public Engagement**

\$4,000,000 the first year is from the trust fund to the commissioner of natural resources to acquire at least 350 acres of lands with high-quality native plant communities and rare features to be established as scientific and natural areas as provided in Minnesota Statutes, section 86A.05, subdivision 5, restore and improve at least 550 acres of scientific and natural areas, and provide technical assistance and outreach. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(d) Native Prairie Stewardship and Prairie Bank Easement Acquisition**

\$3,325,000 the first year is from the trust fund to the commissioner of natural resources to acquire native prairie bank easements on at least 675 acres, prepare baseline property assessments, restore and enhance at least 1,000 acres of native prairie sites, and provide technical assistance to landowners. Of this amount, up to \$135,000 must be deposited in a conservation easement stewardship account. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(e) Metro Conservation Corridors - Phase VIII Coordination, Mapping, and Conservation Easements**

\$515,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Land Trust for Phase VIII of the Metro Conservation Corridors partnership to provide coordination and mapping for the partnership and to acquire permanent conservation easements on at least 120 acres of strategic ecological landscapes to protect priority natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. A list of proposed easement acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work plan. Up to \$40,000 may be used for coordination and mapping for the Metro Conservation Corridors. All conservation easements must be perpetual and have a natural resource management plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available June 30, 2018, by which time the project must be completed and final products delivered.

**(f) Metro Conservation Corridors - Phase VIII Strategic Lands Protection**

\$750,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with The Trust for Public Land for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 35 acres of high-quality priority state and local natural areas in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the

surrounding counties. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards, as determined by the commissioner of natural resources. Expenditures are limited to the identified project corridor areas as defined in the work plan. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. A list of fee title acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(g) Metro Conservation Corridors - Phase VIII Priority Expansion of Minnesota Valley National Wildlife Refuge**

\$500,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Valley National Wildlife Refuge Trust, Inc. for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 100 acres of priority habitat for the Minnesota Valley National Wildlife Refuge in the metropolitan area, as defined under Minnesota Statutes, section 473.121, subdivision 2, and portions of the surrounding counties. A list of proposed acquisitions must be provided as part of the required work plan. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards. Expenditures are limited to the identified project corridor areas as defined in the work plan. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(h) Metro Conservation Corridors -  
Phase VIII Wildlife Management Area  
Acquisition**

\$400,000 the first year is from the trust fund to the commissioner of natural resources for Phase VIII of the Metro Conservation Corridors partnership to acquire in fee at least 82 acres along the lower reaches of the Vermillion River in Dakota County within the Gores Pool Wildlife Management Area. Land acquired with this appropriation must be sufficiently improved to meet at least minimum management standards. This appropriation may not be used to purchase habitable residential structures, unless expressly approved in the work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(i) Mesabi Trail Development Soudan to Ely – Phase II**

\$1,000,000 the first year is from the trust fund to the commissioner of natural resources for an agreement with the St. Louis and Lake Counties Regional Railroad Authority for the right-of-way acquisition, design, and construction of segments of the Mesabi Trail, totaling approximately seven miles between Soudan and Ely. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(j) Multi-benefit Watershed Scale Conservation on North Central Lakes**

\$950,000 the first year is from the trust fund to the Board of Water and Soil Resources to secure permanent conservation easements on at least 480 acres of high-quality habitat in Crow Wing and Cass Counties. Of this amount, up to \$65,000 must be deposited in a conservation easement stewardship account; and \$54,000 is for an agreement with the Leech Lake Area Watershed Foundation in cooperation with Crow Wing County Soil

and Water Conservation District and Cass County Soil and Water Conservation District. Deposits into the conservation easement stewardship account must be made upon closing on conservation easements or at a time otherwise approved in the work plan. A list of proposed easement acquisitions must be provided as part of the required work plan. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**(k) Conservation Easement Assessment and Valuation System Development**

\$250,000 the first year is from the trust fund to the Board of Regents of the University of Minnesota to assess the effectiveness of existing conservation easements acquired through state expenditures at achieving their intended outcomes of public value and ecological benefits and to develop a standardized, objective conservation easement valuation system for guiding future state investments in conservation easements to ensure the proposed environmental benefits are being achieved in a cost-effective manner. This appropriation is available until June 30, 2018, by which time the project must be completed and final products delivered.

**Subd. 10. Emerging Issues Account**

1,000,000

-0-

\$1,000,000 the first year is from the trust fund to an emerging issues account authorized in Minnesota Statutes, section 116P.08, subdivision 4, paragraph (d).

**Subd. 11. Administration and Contract Agreement Reimbursement**

1,207,000

-0-

**(a) Legislative-Citizen Commission on Minnesota Resources**

\$1,072,000 the first year is from the trust fund to the Legislative-Citizen Commission on Minnesota Resources for administration in fiscal years 2016 and 2017 as provided

in Minnesota Statutes, section 116P.09, subdivision 5.

**(b) Contract Agreement Reimbursement**

\$135,000 the first year is from the trust fund to the commissioner of natural resources at the direction of the Legislative-Citizen Commission on Minnesota Resources for expenses incurred for contract agreement reimbursement for the agreements specified in this section. The commissioner shall provide documentation to the Legislative-Citizen Commission on Minnesota Resources on the expenditure of these funds.

**Subd. 12. Availability of Appropriations**

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the work plan approved by the Legislative-Citizen Commission on Minnesota Resources. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Costs that are directly related to and necessary for an appropriation, including financial services, human resources, information services, rent, and utilities, are eligible only if the costs can be clearly justified and individually documented specific to the appropriation's purpose and would not be generated by the recipient but for the receipt of the appropriation. No broad allocations for costs in either dollars or percentages are allowed. Unless otherwise provided, the amounts in this section are available until June 30, 2017, when projects must be completed and final products delivered. For acquisition of real property, the appropriations in this section are available for an additional fiscal year if a binding contract for acquisition of the real property is entered into before the original expiration date of the

appropriation. If a project receives a federal grant, the time period of the appropriation is extended to equal the federal grant period.

**Subd. 13. Data Availability Requirements**

Data collected by the projects funded under this section must conform to guidelines and standards adopted by MN.IT Services. Spatial data also must conform to additional guidelines and standards designed to support data coordination and distribution that have been published by the Minnesota Geospatial Information Office. Descriptions of spatial data must be prepared as specified in the state's geographic metadata guideline and must be submitted to the Minnesota Geospatial Information Office. All data must be accessible and free to the public unless made private under the Data Practices Act, Minnesota Statutes, chapter 13. To the extent practicable, summary data and results of projects funded under this section should be readily accessible on the Internet and identified as having received funding from the environment and natural resources trust fund.

**Subd. 14. Project Requirements**

(a) As a condition of accepting an appropriation under this section, an agency or entity receiving an appropriation or a party to an agreement from an appropriation must comply with paragraphs (b) to (l) and Minnesota Statutes, chapter 116P, and must submit a work plan and semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources for any project funded in whole or in part with funds from the appropriation. Modifications to the approved work plan and budget expenditures must be made through the amendment process established by the Legislative-Citizen Commission on Minnesota Resources.

(b) A recipient of money appropriated in this section that conducts a restoration using

funds appropriated in this section must use native plant species according to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines and include an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season as required under Minnesota Statutes, section 84.973.

(c) For all restorations conducted with money appropriated under this section, a recipient must prepare an ecological restoration and management plan that, to the degree practicable, is consistent with the highest quality conservation and ecological goals for the restoration site. Consideration should be given to soil, geology, topography, and other relevant factors that would provide the best chance for long-term success and durability of the restoration projects. The plan must include the proposed timetable for implementing the restoration, including site preparation, establishment of diverse plant species, maintenance, and additional enhancement to establish the restoration; identify long-term maintenance and management needs of the restoration and how the maintenance, management, and enhancement will be financed; and take advantage of the best available science and include innovative techniques to achieve the best restoration.

(d) An entity receiving an appropriation in this section for restoration activities must provide an initial restoration evaluation at the completion of the appropriation and an evaluation three years beyond the completion of the expenditure. Restorations must be evaluated relative to the stated goals and standards in the restoration plan, current science, and, when applicable, the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The evaluation must determine whether the restorations are meeting planned goals, identify any problems with the

implementation of the restorations, and, if necessary, give recommendations on improving restorations. The evaluation must be focused on improving future restorations.

(e) All restoration and enhancement projects funded with money appropriated in this section must be on land permanently protected by a conservation easement or public ownership.

(f) A recipient of money from an appropriation under this section must give consideration to contracting with Conservation Corps Minnesota for contract restoration and enhancement services.

(g) All conservation easements acquired with money appropriated under this section must:

(1) be permanent;

(2) specify the parties to an easement in the easement;

(3) specify all of the provisions of an agreement that are permanent;

(4) be sent to the Legislative-Citizen Commission on Minnesota Resources in an electronic format at least ten business days prior to closing;

(5) include a long-term monitoring and enforcement plan and funding for monitoring and enforcing the easement agreement; and

(6) include requirements in the easement document to address specific groundwater and surface water quality protection activities such as keeping water on the landscape, reducing nutrient and contaminant loading, protecting groundwater, and not permitting artificial hydrological modifications.

(h) For any acquisition of lands or interest in lands, a recipient of money appropriated under this section shall not agree to pay more than 100 percent of the appraised value for a parcel of land using this money to complete the purchase, in part or in whole,

except that up to ten percent above the appraised value may be allowed to complete the purchase, in part or in whole, using this money if permission is received in advance of the purchase from the Legislative-Citizen Commission on Minnesota Resources.

(i) For any acquisition of land or interest in land, a recipient of money appropriated under this section must give priority to high-quality natural resources or conservation lands that provide natural buffers to water resources.

(j) For new lands acquired with money appropriated under this section, a recipient must prepare an ecological restoration and management plan in compliance with paragraph (c), including sufficient funding for implementation unless the work plan addresses why a portion of the money is not necessary to achieve a high-quality restoration.

(k) To ensure public accountability for the use of public funds, within 60 days of the transaction, a recipient of money appropriated under this section must provide to the Legislative-Citizen Commission on Minnesota Resources documentation of the selection process used to identify parcels acquired and provide documentation of all related transaction costs, including but not limited to appraisals, legal fees, recording fees, commissions, other similar costs, and donations. This information must be provided for all parties involved in the transaction. The recipient must also report to the Legislative-Citizen Commission on Minnesota Resources any difference between the acquisition amount paid to the seller and the state-certified or state-reviewed appraisal, if a state-certified or state-reviewed appraisal was conducted.

(l) A recipient of an appropriation from the trust fund under this section must acknowledge financial support from the Minnesota environment and natural resources trust fund in project publications, signage,

and other public communications and outreach related to work completed using the appropriation. Acknowledgment may occur, as appropriate, through use of the trust fund logo or inclusion of language attributing support from the trust fund. Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded pursuant to this section, must satisfy all reporting and other requirements incumbent upon constitutionally dedicated funding recipients as provided in Minnesota Statutes, section 3.303, subdivision 10, and chapter 116P.

**Subd. 15. Payment Conditions and Capital Equipment Expenditures**

(a) All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 2015, or the date the work plan is approved, whichever is later, are eligible for reimbursement unless otherwise provided in this section. Periodic payment must be made upon receiving documentation that the deliverable items articulated in the approved work plan have been achieved, including partial achievements as evidenced by approved progress reports. Reasonable amounts may be advanced to projects to accommodate cash flow needs or match federal money. The advances must be approved as part of the work plan. No expenditures for capital equipment are allowed unless expressly authorized in the project work plan.

(b) Single source contracts as specified in the approved work plan are allowed.

**Subd. 16. Purchase of Recycled and Recyclable Materials**

A political subdivision, public or private corporation, or other entity that receives an

appropriation under this section must use the appropriation in compliance with Minnesota Statutes, section 16C.0725, regarding purchase of recycled, repairable, and durable materials; and Minnesota Statutes, section 16C.073, regarding purchase and use of paper stock and printing.

**Subd. 17. Energy Conservation and Sustainable Building Guidelines**

A recipient to whom an appropriation is made under this section for a capital improvement project must ensure that the project complies with the applicable energy conservation and sustainable building guidelines and standards contained in law, including Minnesota Statutes, sections 16B.325, 216C.19, and 216C.20, and rules adopted under those sections. The recipient may use the energy planning, advocacy, and State Energy Office units of the Department of Commerce to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

**Subd. 18. Accessibility**

Structural and nonstructural facilities must meet the design standards in the Americans with Disabilities Act (ADA) accessibility guidelines.

**Subd. 19. Carryforward; Extension**

(a) The availability of the appropriations for the following projects are extended to June 30, 2016:

(1) Laws 2013, chapter 52, section 2, subdivision 4, paragraph (l), Restorations Evaluations;

(2) Laws 2013, chapter 52, section 2, subdivision 6, paragraph (b), detecting and monitoring certain carp populations; and

(3) Laws 2011, First Special Session chapter 2, article 3, section 2, subdivision 4, paragraph (g), Minnesota River Valley Green Corridor Scientific and Natural Area Acquisition.

(b) The availability of the appropriations for the following projects are extended to June 30, 2017:

(1) Laws 2013, chapter 52, section 2, subdivision 5, paragraph (e), Measuring Hydrologic Benefits from Glacial Ridge Habitat Restoration; and

(2) Laws 2014, chapter 226, section 2, subdivision 3, paragraph (m), Measuring Hydrologic Benefits from Glacial Ridge Habitat Restoration.

(c) The availability of the appropriation for the following project is extended to June 30, 2019: Laws 2014, chapter 226, section 2, subdivision 6, paragraph (a), Enhancing Pollinator Landscapes.

(d) The following project may be extended statewide, Laws 2014, chapter 226, section 2, subdivision 9, paragraph (c), Urban Environmental Education Engaging Students in Local Resources.

Sec. 3. Minnesota Statutes 2014, section 116P.05, subdivision 2, is amended to read:

Subd. 2. **Duties.** (a) The commission shall recommend an annual or biennial legislative bill for appropriations from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08. Approval of the recommended legislative bill requires an affirmative vote of at least 12 members of the commission.

(b) It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work plan and semiannual progress reports in the form determined by the Legislative-Citizen Commission on Minnesota Resources, and comply with applicable reporting requirements under section 116P.16. None of the money provided may be spent unless the commission has approved the pertinent work plan. Modifications to the approved work plan and budget expenditures shall be made through the amendment process established by the commission. The commission shall ensure that the expenditures and outcomes described in the work plan for appropriations funded by the environment and natural resources trust fund are met.

(c) The peer review ~~panel~~ procedures created under section 116P.08 must also be used to review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

(d) The commission may adopt operating procedures to fulfill its duties under this chapter.

(e) As part of the operating procedures, the commission shall:

(1) ensure that members' expectations are to participate in all meetings related to funding decision recommendations;

(2) recommend adequate funding for increased citizen outreach and communications for trust fund expenditure planning;

(3) allow administrative expenses as part of individual project expenditures based on need;

(4) provide for project outcome evaluation;

(5) keep the grant application, administration, and review process as simple as possible; and

(6) define and emphasize the leveraging of additional sources of money that project proposers should consider when making trust fund proposals.

Sec. 4. Minnesota Statutes 2014, section 116P.08, subdivision 5, is amended to read:

Subd. 5. **Public meetings.** (a) Meetings of the commission, committees or subcommittees of the commission, technical advisory committees, and peer ~~review panels~~ reviewers must be open to the public. The commission shall attempt to meet throughout various regions of the state during each biennium. For purposes of this subdivision, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the commission, a committee or subcommittee of the commission, a technical advisory committee, or a peer ~~review panel~~ reviewers.

(b) For legislative members of the commission, enforcement of this subdivision is governed by section 3.055, subdivision 2. For nonlegislative members of the commission, enforcement of this subdivision is governed by section 13D.06, subdivisions 1 and 2.

Sec. 5. Minnesota Statutes 2014, section 116P.08, subdivision 6, is amended to read:

Subd. 6. **Peer review.** (a) Research proposals must include a stated purpose directly connected to the trust fund's constitutional mandate, this chapter, and the adopted strategic plan under subdivision 3, a timeline, potential outcomes, and an explanation of the need for the research. All research proposals must be peer reviewed by a peer review panel before receiving an appropriation.

(b) In conducting research proposal reviews, the peer ~~review panel~~ reviewers shall:

(1) comment on the methodology proposed and whether it can be expected to yield appropriate and useful information and data; and

(2) comment on the need for the research and about similar existing information available, if any; and

(3) report to the commission on clauses (1) and (2) (c) Peer reviewers' comments under paragraph (b) must be reported to the commission.

~~(c)~~ (d) The peer review panel also must reviewers may review completed research proposals that have received an appropriation and comment and report upon whether the project reached the intended goals.

Sec. 6. Minnesota Statutes 2014, section 116P.08, subdivision 7, is amended to read:

Subd. 7. **Peer review panel membership reviewers.** (a) The peer review panel reviewers must consist of at least five members who are be knowledgeable in general research methods in the areas of environment and natural resources. Not more than two members of the panel may be employees of state agencies in Minnesota.

(b) The commission shall select a chair every two years who shall be responsible for convening meetings of the panel as often as is necessary to fulfill its duties as prescribed in this section. Compensation of panel members peer reviewers is governed by section 15.059, subdivision 3.

Sec. 7. Minnesota Statutes 2014, section 116P.09, subdivision 6, is amended to read:

Subd. 6. **Conflict of interest.** A commission member, a technical advisory committee member, a peer review panelist reviewer, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist peer reviewer, or employee has either a direct or indirect personal financial interest. While serving on the commission, technical advisory committee, or as a peer review panel reviewer, or being an employee of the commission, a person shall avoid any potential conflict of interest.

Sec. 8. Minnesota Statutes 2014, section 116P.09, subdivision 8, is amended to read:

Subd. 8. **Technical advisory committees.** The commission shall make use of available public and private expertise on environment and natural resource issues by appointing and may appoint necessary technical advisory committees to review funding proposals and evaluate project outcomes. Compensation for technical advisory committee members is governed by section 15.059, subdivision 6."

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

Senate Conferees: Kari Dzierdzic, John A. Hoffman, Gary H. Dahms

House Conferees: Paul Torkelson, Dan Fabian, Leon Lillie

Senator Dzierdzic moved that the foregoing recommendations and Conference Committee Report on S.F. No. 698 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 698 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Anderson  
Bakk

Benson  
Bonoff

Carlson  
Chamberlain

Champion  
Clausen

Cohen  
Dahle

Dahms	Hawj	Limmer	Pederson, J.	Sieben
Dibble	Hayden	Lourey	Pratt	Skoe
Dziedzic	Hoffman	Marty	Reinert	Sparks
Eaton	Housley	Metzen	Rest	Stumpf
Eken	Ingebrigtsen	Miller	Rosen	Thompson
Fischbach	Jensen	Nelson	Ruud	Tomassoni
Franzen	Johnson	Newman	Saxhaug	Torres Ray
Gazelka	Kent	Nienow	Scalze	Weber
Goodwin	Kiffmeyer	Ortman	Schmit	Westrom
Hall	Koenen	Osmek	Senjem	Wiger
Hann	Latz	Pappas	Sheran	Wiklund

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1647 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 1647

A bill for an act relating to transportation; amending various provisions related to transportation and public safety policies, including data practices and storage; motor carriers; traffic regulation modifications; parking signs; advertising devices; permits and licenses; vehicle equipment; mini truck operation; railroad liability, powers, and crossing by utilities; rail event response preparedness; minimum train crew size; drive away in-transit licenses; road design; engine compression regulation by city of St. Paul; turnbacks; bikeways; subcontracting goals; reporting requirements and alternative damages appraisal for transportation projects; amending Minnesota Statutes 2014, sections 13.69, subdivision 1; 13.72, by adding a subdivision; 160.18, by adding a subdivision; 160.20, subdivision 4; 160.232; 160.266, subdivisions 2, 3, by adding subdivisions; 161.088, subdivisions 3, 4, 5; 161.321, subdivisions 2a, 2c, 4; 161.368; 168.33, subdivision 2; 169.06, subdivision 4a; 169.18, subdivision 12; 169.475, subdivision 1; 169.49; 169.782, subdivisions 1, 2, 4; 169.791, subdivisions 1, 2; 169.81, by adding a subdivision; 171.02, by adding a subdivision; 171.06, subdivision 3; 171.061, subdivision 3; 171.07, subdivision 1b; 173.02, by adding a subdivision; 173.15; 174.03, subdivisions 10, 11; 174.12, subdivision 5; 174.40, by adding a subdivision; 174.52, subdivisions 4a, 5; 219.76; 219.761; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 299D.085, subdivision 2; 473.146, subdivision 4; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 10, section 11, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 161; 219; 237; 383B; 473.

May 18, 2015

The Honorable Sandra L. Pappas  
President of the Senate

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

We, the undersigned conferees for S.F. No. 1647 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1647 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1****TRANSPORTATION APPROPRIATIONS****Section 1. SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this act, and do not have legal effect.

	<u>2016</u>	<u>2017</u>	<u>Total</u>
<u>General</u>	\$ 139,347,000	\$ 135,792,000	\$ 275,139,000
<u>Airports</u>	25,109,000	25,109,000	50,218,000
<u>C.S.A.H.</u>	670,768,000	698,495,000	1,369,263,000
<u>M.S.A.S.</u>	170,743,000	178,141,000	348,884,000
<u>Special Revenue</u>	61,475,000	62,210,000	123,685,000
<u>H.U.T.D.</u>	2,192,000	2,213,000	4,405,000
<u>Trunk Highway</u>	1,673,708,000	1,672,006,000	3,345,714,000
<b><u>Total</u></b>	<b>\$ 2,743,342,000</b>	<b>\$ 2,773,966,000</b>	<b>\$ 5,517,308,000</b>

**Sec. 2. TRANSPORTATION 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 trunk highway fund, or another named fund, and are available for the fiscal years indicated for each purpose. Amounts for "Total Appropriation" and sums shown in the corresponding columns marked "Appropriations by Fund" are summary only and do have legal effect. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016**                      **2017**

**Sec. 3. DEPARTMENT OF TRANSPORTATION**

**Subdivision 1. Total Appropriation**                      **\$ 2,488,269,000**   **\$ 2,496,573,000**

**Appropriations by Fund**

	<u>2016</u>	<u>2017</u>
<u>General</u>	44,115,000	21,058,000
<u>Airports</u>	25,109,000	25,109,000

<u>C.S.A.H.</u>	<u>670,768,000</u>	<u>698,495,000</u>
<u>M.S.A.S.</u>	<u>170,743,000</u>	<u>178,141,000</u>
<u>Trunk Highway</u>	<u>1,577,534,000</u>	<u>1,573,770,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Multimodal Systems**

(a) **Aeronautics**

(1) **Airport Development and Assistance** 19,798,000 19,798,000

This appropriation is from the state airports fund and must be spent according to Minnesota Statutes, section 360.305, subdivision 4.

The base appropriation in each of fiscal years 2018 and 2019 is \$14,298,000.

Notwithstanding Minnesota Statutes, section 16A.28, subdivision 6, this appropriation is available for five years after appropriation. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

(2) **Aviation Support and Services** 6,661,000 6,661,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Airports</u>	<u>5,311,000</u>	<u>5,311,000</u>
<u>Trunk Highway</u>	<u>1,350,000</u>	<u>1,350,000</u>

\$80,000 in each year is from the state airports fund for the Civil Air Patrol.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$1,479,000 and in fiscal year 2019 is \$1,623,000.

(b) **Transit** 20,543,000 20,567,000

Appropriations by Fund

<u>2016</u>	<u>2017</u>
-------------	-------------

<u>General</u>	<u>19,745,000</u>	<u>19,745,000</u>
<u>Trunk Highway</u>	<u>798,000</u>	<u>822,000</u>

The base appropriation from the general fund in each of fiscal years 2018 and 2019 is \$17,245,000.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$846,000 and in fiscal year 2019 is \$873,000.

<b><u>(c) Safe Routes to School</u></b>	<u>500,000</u>	<u>500,000</u>
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This appropriation is from the general fund for the safe routes to school program under Minnesota Statutes, section 174.40.

<b><u>(d) Passenger Rail</u></b>	<u>500,000</u>	<u>500,000</u>
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This appropriation is from the general fund for passenger rail system planning, alternatives analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636.

<b><u>(e) Freight</u></b>	<u>13,445,000</u>	<u>5,452,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>8,401,000</u>	<u>256,000</u>
<u>Trunk Highway</u>	<u>5,044,000</u>	<u>5,196,000</u>

\$145,000 in the first year is from the general fund for a grant to the Minnesota Commercial Railway for emergency temporary repairs to approximately 6.5 miles of railroad track described as that portion of the Minnesota Commercial main running lead, between M&D Junction in White Bear Lake and the end of track in Hugo.

\$3,000,000 in the first year is from the general fund for port development assistance program grants under Minnesota Statutes, chapter 457A. Any improvements made with the proceeds of these grants must be publicly

owned. This is a onetime appropriation and is available in the second year.

\$5,000,000 in the first year is from the general fund for rail grade crossing safety improvements. This is a onetime appropriation and is available in the second year.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$5,350,000 and in fiscal year 2019 is \$5,522,000.

**Subd. 3. State Roads**

<b>(a) <u>Operations and Maintenance</u></b>	<u>288,405,000</u>	<u>290,916,000</u>
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The base appropriation in fiscal year 2018 is \$292,140,000 and in fiscal year 2019 is \$301,545,000.

<b>(b) <u>Program Planning and Delivery</u></b>	<u>237,529,000</u>	<u>231,252,000</u>
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\$130,000 in each year is available for administrative costs of the targeted group business program.

\$266,000 in each year is available for grants to metropolitan planning organizations outside the seven-county metropolitan area.

\$900,000 in each year is available for grants for transportation studies outside the metropolitan area to identify critical concerns, problems, and issues. These grants are available: (1) to regional development commissions; (2) in regions where no regional development commission is functioning, to joint powers boards established under agreement of two or more political subdivisions in the region to exercise the planning functions of a regional development commission; and (3) in regions where no regional development commission or joint powers board is functioning, to the department's district office for that region.

\$1,000,000 in each year is available for management of contaminated and

regulated material on property owned by the Department of Transportation, including mitigation of property conveyances, facility acquisition or expansion, chemical release at maintenance facilities, and spills on the trunk highway system where there is no known responsible party. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$6,804,000 in the first year and \$1,000,000 in the second year are available for the purposes stated in Minnesota Statutes, section 12A.16, subdivision 2.

The base appropriation for program planning and delivery in fiscal year 2018 is \$227,004,000 and in fiscal year 2019 is \$234,331,000.

**(c) State Road Construction**

779,664,000

744,166,000

This appropriation is for the actual construction, reconstruction, and improvement of trunk highways, including design-build contracts, internal department costs associated with delivering the construction program, and consultant usage to support these activities. This includes the cost of actual payment to landowners for lands acquired for highway rights-of-way, payment to lessees, interest subsidies, and relocation expenses.

\$1,000,000 in the first year is to complete projects using funds made available to the commissioner of transportation under title XII of the American Recovery and Reinvestment Act of 2009, Public Law 111-5, and implemented under Minnesota Statutes, section 161.36, subdivision 7.

\$10,000,000 in each year is for the transportation economic development program under Minnesota Statutes, section 174.12.

The commissioner may expend up to one-half of one percent of the federal appropriations under this paragraph as grants to opportunity

industrialization centers and other nonprofit job training centers for job training programs related to highway construction.

The commissioner may transfer up to \$15,000,000 each year to the transportation revolving loan fund.

The commissioner may receive money covering other shares of the cost of partnership projects. These receipts are appropriated to the commissioner for these projects.

The base appropriation for state road construction in each of fiscal years 2018 and 2019 is \$695,800,000.

**(d) Highway Debt Service** 197,381,000 231,199,000

\$187,881,000 the first year and \$221,699,000 the second year are for transfer to the state bond fund. If this appropriation is insufficient to make all transfers required in the year for which it is made, the commissioner of management and budget shall transfer the deficiency amount under the statutory open appropriation, and notify the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance and the chairs of the senate Committee on Finance and the house of representatives Committee on Ways and Means of the amount of the deficiency. Any excess appropriation cancels to the trunk highway fund.

**(e) Statewide Radio Communications** 5,358,000 5,486,000

<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>35,000</u>	<u>3,000</u>
<u>Trunk Highway</u>	<u>5,323,000</u>	<u>5,483,000</u>

\$3,000 in each year is from the general fund to equip and operate the Roosevelt signal tower for Lake of the Woods weather broadcasting.

\$32,000 in the first year is from the general fund for a weather transmitter in Lake of the Woods County.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$5,645,000 and in fiscal year 2019 is \$5,826,000.

**Subd. 4. Local Roads**

**(a) County State-Aid Roads**

670,768,000

698,495,000

This appropriation is from the county state-aid highway fund under Minnesota Statutes, section 161.081, and chapter 162, and is available until spent.

If the commissioner of transportation determines that a balance remains in the county state-aid highway fund following the appropriations and transfers made in this paragraph, and that the appropriations made are insufficient for advancing county state-aid highway projects, an amount necessary to advance the projects, not to exceed the balance in the county state-aid highway fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner shall identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

**(b) Municipal State-Aid Roads**

170,743,000

178,141,000

This appropriation is from the municipal state-aid street fund under Minnesota Statutes, chapter 162, and is available until spent.

If the commissioner of transportation determines that a balance remains in the municipal state-aid street fund following the appropriations and transfers made in this paragraph, and that the appropriations made are insufficient for advancing municipal state-aid street projects, an amount necessary to advance the projects, not to exceed the balance in the municipal state-aid street fund, is appropriated in each year to the commissioner. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation shall notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning funds appropriated. The commissioner shall identify in the next budget submission to the legislature under Minnesota Statutes, section 16A.11, any amount that is appropriated under this paragraph.

<b><u>(c) Small Cities Assistance</u></b>	<u>12,500,000</u>	<u>0</u>
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This appropriation is from the general fund for small cities assistance under Minnesota Statutes, section 162.145.

**Subd. 5. Agency Management**

<b><u>(a) Agency Services</u></b>	<u>42,722,000</u>	<u>43,519,000</u>
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The base appropriation in fiscal year 2018 is \$44,316,000 and in fiscal year 2019 is \$45,206,000.

<b><u>(b) Buildings</u></b>	<u>18,772,000</u>	<u>19,321,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>54,000</u>	<u>54,000</u>
<u>Trunk Highway</u>	<u>18,718,000</u>	<u>19,267,000</u>

Any money appropriated to the commissioner of transportation for building construction for any fiscal year before the first year is available

to the commissioner of transportation during the biennium to the extent that the commissioner spends the money on the building construction projects for which the money was originally encumbered during the fiscal year for which it was appropriated.

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

The base appropriation from the trunk highway fund in fiscal year 2018 is \$20,031,000 and in fiscal year 2019 is \$20,885,000.

**(c) Tort Claims**

600,000

600,000

If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

**Subd. 6. Transfers**

With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. No transfer may be made from the appropriations for state road construction or for debt service. Transfers under this rider may not be made between funds. Transfers under this rider must be reported immediately to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance.

The commissioner of transportation shall transfer from the flexible highway account in the county state-aid highway fund the entire amount in each year to the county turnback account in the county state-aid highway fund. The funds transferred are for highway turnback purposes under Minnesota Statutes, section 161.081, subdivision 3.

**Subd. 7. Previous State Road Construction Appropriations**

Any money appropriated to the commissioner of transportation for state road construction for any fiscal year before the first year is available to the commissioner during the biennium to the extent that the commissioner spends the money on the state road construction project for which the money was originally encumbered during the fiscal year for which it was appropriated.

**Subd. 8. Contingent Appropriation**

The commissioner of transportation, with the approval of the governor and the written approval of at least five members of a group consisting of the members of the Legislative Advisory Commission under Minnesota Statutes, section 3.30, and the ranking minority members of the legislative committees with jurisdiction over transportation finance, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation: (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund or to take advantage of federal advanced construction funding; (2) for trunk highway maintenance in order to meet an emergency; or (3) to pay tort or environmental claims. Nothing in this subdivision authorizes the commissioner to increase the use of federal advanced construction funding beyond amounts specifically authorized. Any transfer as a result of the use of federal advanced construction funding must include an analysis of the effects on the long-term trunk highway fund balance. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 4. **METROPOLITAN COUNCIL**

**\$ 81,626,000 \$ 101,126,000**

This appropriation is from the general fund for transit system operations under Minnesota Statutes, sections 473.371 to 473.449.

Of this amount, \$27,300,000 is available through fiscal year 2018.

Of this appropriation, \$1,000,000 in each year is for financial assistance to replacement service providers under Minnesota Statutes, section 473.388, to implement a demonstration project that provides regular route transit or express bus service between municipalities in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2, excluding cities of the first class. The council may not retain any portion of funds specified in this rider. The replacement service providers shall collectively identify one or more demonstration projects for financial assistance and submit a notification of the allocation to the council. The council shall allocate the appropriated funds as directed by the replacement service providers. Criteria for evaluating and identifying demonstration projects must include but are not limited to: (1) scope of service offering improvements; (2) integration with transit facilities and major business, retail, or suburban centers; (3) extent to which a proposed route complements existing transit service; and (4) density of employment along a proposed route. This is a onetime appropriation.

Of this appropriation, \$200,000 in the first year is for grants payable by July 31, 2016, to transportation management organizations that provide services exclusively or primarily in (1) each city of the first class, as provided under section 410.01; and (2) the city having the highest population as of the effective date of this section located along the marked Interstate Highway 494 corridor. Permissible uses include administrative expenses and programming and service expansion, including but not limited to staffing, communications, outreach and



\$380,000 in each year is from the general fund for payment of public safety officer survivor benefits under Minnesota Statutes, section 299A.44. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$1,367,000 in each year is from the general fund to be deposited in the public safety officer's benefit account. This money is available for reimbursements under Minnesota Statutes, section 299A.465.

\$600,000 in each year is from the general fund and \$100,000 in each year is from the trunk highway fund for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

\$450,000 in each year is from the general fund for the creation of two emergency response teams. One emergency response team must be under the jurisdiction of the St. Cloud Fire Department, or a similarly located fire department if necessary, and one emergency response team must be under the jurisdiction of the Duluth Fire Department. The commissioner shall allocate the funds as needed to facilitate the creation and maintenance of the emergency response teams. This is a onetime appropriation.

**(c) Technology and Support Service** 3,685,000 3,685,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>1,322,000</u>	<u>1,322,000</u>
<u>H.U.T.D.</u>	<u>19,000</u>	<u>19,000</u>
<u>Trunk Highway</u>	<u>2,344,000</u>	<u>2,344,000</u>

**Subd. 3. State Patrol**

**(a) Patrolling Highways** 81,516,000 83,121,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
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<u>General</u>	<u>154,000</u>	<u>37,000</u>
<u>H.U.T.D.</u>	<u>92,000</u>	<u>92,000</u>
<u>Trunk Highway</u>	<u>81,270,000</u>	<u>82,992,000</u>

\$858,000 from the trunk highway fund in the first year and \$117,000 from the general fund in the first year is to purchase a single-engine aircraft for the State Patrol.

<b><u>(b) Commercial Vehicle Enforcement</u></b>	<u>8,023,000</u>	<u>8,257,000</u>
<b><u>(c) Capitol Security</u></b>	<u>8,035,000</u>	<u>8,147,000</u>

This appropriation is from the general fund.

The commissioner may not: (1) spend any money from the trunk highway fund for capitol security; or (2) permanently transfer any state trooper from the patrolling highways activity to capitol security.

The commissioner may not transfer any money appropriated to the commissioner under this section: (1) to capitol security; or (2) from capitol security.

<b><u>(d) Vehicle Crimes Unit</u></b>	<u>715,000</u>	<u>736,000</u>
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This appropriation is from the highway user tax distribution fund.

This appropriation is to investigate: (1) registration tax and motor vehicle sales tax liabilities from individuals and businesses that currently do not pay all taxes owed; and (2) illegal or improper activity related to sale, transfer, titling, and registration of motor vehicles.

#### **Subd. 4. Driver and Vehicle Services**

<b><u>(a) Vehicle Services</u></b>	<u>29,818,000</u>	<u>30,082,000</u>
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This appropriation is from the vehicle services operating account in the special revenue fund.

\$59,000 in each year is for the creation of a Data Services Unit within the Division of Driver and Vehicle Services.

The base appropriation from the special revenue fund in each of fiscal years 2018 and 2019 is \$21,846,000.

The base appropriation from the highway user tax distribution fund in each of fiscal years 2018 and 2019 is \$8,236,000.

<b>(b) Driver Services</b>	<u>30,286,000</u>	<u>30,740,000</u>
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This appropriation is from the driver services operating account in the special revenue fund.

\$31,000 in each year is for the creation of a Data Services Unit within the Division of Driver and Vehicle Services.

<b>Subd. 5. Traffic Safety</b>	<u>446,000</u>	<u>457,000</u>
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<b>Subd. 6. Pipeline Safety</b>	<u>1,371,000</u>	<u>1,388,000</u>
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This appropriation is from the pipeline safety account in the special revenue fund.

**Sec. 6. APPROPRIATION CANCELLATION.**

\$29,700,000 of the appropriation under Laws 2013, chapter 117, article 1, section 4, is canceled to the general fund on the effective date of this section.

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

**Sec. 7. APPROPRIATION CANCELLATIONS.**

All unspent funds, estimated to be \$2,380,000, to provide the 20 percent local match funding required to obtain Federal Highway Administration emergency relief funds to repair local roads and bridges damaged by June 2014 flooding, under Laws 2015, chapter 2, section 3, are canceled to the general fund on June 30, 2015.

**Sec. 8. DEPARTMENT OF TRANSPORTATION; APPROPRIATION.**

\$2,380,000 is appropriated from the general fund to the commissioner of transportation in fiscal year 2016 to provide the 20 percent local match funding required to obtain Federal Highway Administration emergency relief funds to repair local roads and bridges damaged by flooding in June 2014. This is a onetime appropriation.

**ARTICLE 2**

**TRANSPORTATION POLICY**

Section 1. Minnesota Statutes 2014, section 13.69, subdivision 1, is amended to read:

Subdivision 1. **Classifications.** (a) The following government data of the Department of Public Safety are private data:

(1) medical data on driving instructors, licensed drivers, and applicants for parking certificates and special license plates issued to physically disabled persons;

(2) other data on holders of a disability certificate under section 169.345, except that (i) data that are not medical data may be released to law enforcement agencies, and (ii) data necessary for enforcement of sections 169.345 and 169.346 may be released to parking enforcement employees or parking enforcement agents of statutory or home rule charter cities and towns;

(3) Social Security numbers in driver's license and motor vehicle registration records, except that Social Security numbers must be provided to the Department of Revenue for purposes of tax administration, the Department of Labor and Industry for purposes of workers' compensation administration and enforcement, and the Department of Natural Resources for purposes of license application administration; and

(4) data on persons listed as standby or temporary custodians under section 171.07, subdivision 11, except that the data must be released to:

(i) law enforcement agencies for the purpose of verifying that an individual is a designated caregiver; or

(ii) law enforcement agencies who state that the license holder is unable to communicate at that time and that the information is necessary for notifying the designated caregiver of the need to care for a child of the license holder.

The department may release the Social Security number only as provided in clause (3) and must not sell or otherwise provide individual Social Security numbers or lists of Social Security numbers for any other purpose.

(b) The following government data of the Department of Public Safety are confidential data: data concerning an individual's driving ability when that data is received from a member of the individual's family.

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

Sec. 2. Minnesota Statutes 2014, section 16E.15, subdivision 2, is amended to read:

Subd. 2. **Software sale fund.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), proceeds ~~of from~~ the sale or licensing of software products or services by the chief information officer must be credited to the MN.IT services revolving fund. If a state agency other than the Office of MN.IT Services has contributed to the development of software sold or licensed under this section, the chief information officer may reimburse the agency by discounting computer services provided to that agency.

(b) Proceeds ~~of from~~ the sale or licensing of software products or services developed by the Pollution Control Agency, or custom developed by a vendor for the agency, must be credited to the environmental fund.

(c) If the Department of Transportation develops software products or services using trunk highway funds, proceeds from the subsequent sale or licensing of the software products or services must be credited to the trunk highway fund. This paragraph also applies to software products or services custom developed by a vendor for the department using trunk highway funds.

Sec. 3. Minnesota Statutes 2014, section 117.036, subdivision 2, is amended to read:

Subd. 2. **Appraisal.** (a) Before commencing an eminent domain proceeding under this chapter for an acquisition greater than \$25,000, the acquiring authority must obtain at least one appraisal for the property proposed to be acquired. In making the appraisal, the appraiser must confer with one or more of the owners of the property, if reasonably possible. For acquisitions less than \$25,000, the acquiring authority may obtain a minimum damage acquisition report in lieu of an appraisal. In making the minimum damage acquisition report, the qualified person with appraisal knowledge must confer with one or more of the owners of the property, if reasonably possible. Notwithstanding section 13.44, the acquiring authority must provide the owner with a copy of (1) each appraisal for property acquisitions over \$25,000, or (2) the minimum damage acquisition report for properties under \$25,000, the acquiring authority has obtained for the property at the time an offer is made, but no later than 60 days before presenting a petition under section 117.055, ~~and.~~ The acquiring authority must also inform the owner of the right to obtain an appraisal under this section. Upon request, the acquiring authority must make available to the owner all appraisals of the property for properties over \$25,000, or the minimum damage acquisition report for properties under \$25,000. If the acquiring authority is considering both a full and partial taking of the property, the acquiring authority shall obtain and provide the owner with appraisals for both types of takings for properties over \$25,000 for both types of takings, or minimum damage acquisition reports for properties under \$25,000.

(b) The owner may obtain an appraisal by a qualified appraiser of the property proposed to be acquired. The owner is entitled to reimbursement for the reasonable costs of the appraisal from the acquiring authority up to a maximum of \$1,500 for single family and two-family residential property and minimum damage acquisitions and \$5,000 for other types of property, provided that the owner submits to the acquiring authority the information necessary for reimbursement, including a copy of the owner's appraisal, at least five days before a condemnation commissioners' hearing. For purposes of this ~~paragraph~~ subdivision, a "minimum damage acquisition" means an interest in property that a qualified person ~~with appraisal knowledge~~ having an understanding of the local real estate market indicates can be acquired for a cost of \$10,000 \$25,000 or less.

(c) The acquiring authority must pay the reimbursement to the owner within 30 days after receiving a copy of the appraisal and the reimbursement information. Upon agreement between the acquiring authority and the owner, the acquiring authority may pay the reimbursement directly to the appraiser.

Sec. 4. Minnesota Statutes 2014, section 117.036, subdivision 4, is amended to read:

Subd. 4. **Use of appraisal at commissioners' hearing.** An appraisal or minimum damage acquisition report must not be used or considered in a condemnation commissioners' hearing, nor may the appraiser who prepared the appraisal or the person who prepared the minimum damage acquisition report testify, unless a copy of the appraiser's written report or the minimum damage acquisition report is provided to the opposing party at least five days before the hearing.

Sec. 5. Minnesota Statutes 2014, section 160.20, subdivision 4, is amended to read:

Subd. 4. **Conditions.** (a) A road authority may accept applications for permits for installation of drain tile along or across the right-of-way under its jurisdiction. The road authority may adopt reasonable rules for the installations and may require a bond before granting a permit. Permits for installation along a highway right-of-way must ensure that the length of the installation is restricted to the minimum necessary to achieve the desired agricultural benefits. A permit must not allow open trenches to be left on the right-of-way after installation of the drain tile is completed.

A road authority that grants a permit for tile drain installation is not responsible for damage to that installation resulting from the action of the authority or any other permittee utilizing the right-of-way.

(b) A person who installs drain tile along or across a highway right-of-way without obtaining a permit as provided in this section is guilty of a misdemeanor.

(c) The commissioner shall take no action under this section which will result in the loss of federal aid for highway construction in the state.

(d) For the purpose of ~~this section~~ subdivisions 2 to 4, "highway" means any highway as defined in section 160.02 which is located outside the corporate limits of a home rule charter or statutory city.

Sec. 6. [160.235] TRAFFIC SIGNAL TIMING OPTIMIZATION.

(a) A road authority that has ownership of a traffic signal on a principal arterial roadway or roadway with an average daily traffic greater than 20,000 vehicles per day must complete an inventory of all traffic signals under its ownership and submit it to the Department of Transportation district engineer. The inventory must include age of all signals, control equipment, communications, detection type, timing plans in operation, and date of last timing optimization.

(b) Based on the information from the inventory, a road authority subject to paragraph (a) must develop and implement a traffic signal system optimization plan, which must include re-evaluation of traffic signal timing at least once every five years. Each road authority with a traffic signal optimization plan must annually certify compliance with its plan and submit the certification as part of its annual maintenance expenditure report.

(c) Upon request of a local road authority, the commissioner shall provide reasonable technical assistance to meet the requirements under this section.

**EFFECTIVE DATE.** This section is effective the day following final enactment. The initial inventory under paragraph (a) must be submitted on or before December 30, 2015.

Sec. 7. Minnesota Statutes 2014, section 160.27, is amended by adding a subdivision to read:

Subd. 10. **Temporary permit for field application.** (a) In connection with the use of the road right-of-way of a road authority, excluding on controlled-access highways under section 160.08, a property owner or occupant of property abutting the road right-of-way may apply for a permit for temporary placement, for up to 14 days, of a pressurized flexible force main for the transport of manure for field application.

(b) The property owner or occupant must:

- (1) identify the entire length of the right-of-way for use under the permit;
- (2) place the force main within the backslope of the road authority's right-of-way where possible;
- (3) place pumping equipment outside the road authority's right-of-way; and
- (4) meet all of the permit requirements identified by the road authority.

(c) Once the road authority has issued a permit, the property owner or occupant may install the force main over the length of the right-of-way from the permittee's property to where the manure will

be applied, irrespective of whether the permittee is the owner or occupant of all property abutting the portion of the right-of-way where the force main is to be installed.

Sec. 8. Minnesota Statutes 2014, section 161.231, is amended to read:

**161.231 APPROPRIATION; PROCEEDS FROM ~~LEASED~~ STATE PROPERTY.**

There is appropriated annually from the fund or account in the state treasury to which the rental money from the sale, lease, conveyance, or disposal of state leased property is credited a sufficient amount of money to carry out the state's obligations under the provisions of sections 15.16, 117.135, 117.226, 161.16, 161.202, 161.23, subdivision 3, 161.24, 161.241, 161.43, 161.433, 161.44, 161.442, and 272.68, subdivision 3, including the inventorying, marketing, and property management activities required to sell, lease, rent, permit, convey, or otherwise dispose of the land or the interest in the land. At the discretion of the commissioner of transportation, money in the account at the end of each biennium may cancel to the trunk highway fund.

Sec. 9. Minnesota Statutes 2014, section 161.321, subdivision 2a, is amended to read:

Subd. 2a. **Small targeted group business; subcontracting goals.** (a) ~~The commissioner, as a condition of awarding a construction contract, may set goals that require the~~ for targeted group business participation in contracts. As a condition of award, the prime contractor is required to subcontract portions of the contract to small targeted group businesses. Prime contractors must demonstrate good faith efforts to meet the project goals. The commissioner shall establish a procedure for granting waivers from the subcontracting requirement when qualified small targeted group businesses are not reasonably available either meet the goal or demonstrate good faith efforts to meet the goal. The commissioner must establish a procedure for evaluating the good faith efforts of contractors that do not meet the goal. The commissioner may establish (1) financial incentives for prime contractors who exceed the goals set for the use of subcontractors under this subdivision; and (2) sanctions for prime contractors who fail to make good faith efforts to meet the goals set under this subdivision.

(b) The small targeted group business subcontracting requirements of this subdivision do not apply to prime contractors who are small targeted group businesses.

Sec. 10. Minnesota Statutes 2014, section 161.321, subdivision 2c, is amended to read:

Subd. 2c. **Veteran-owned small business; subcontracting goals.** (a) ~~The commissioner, as a condition of awarding a construction contract, may set goals that require the prime contractor to subcontract portions of the contract to veteran-owned small businesses for veteran-owned small business participation in contracts, except when prohibited by federal law or rule as a condition of receiving federal funds. As a condition of award, the prime contractors~~ contractor must either meet the goal or demonstrate good faith efforts to meet the project goals. The commissioner shall must establish a procedure for granting waivers from the subcontracting requirement when qualified veteran-owned small businesses are not reasonably available evaluating the good faith efforts of contractors that do not meet the goal. The commissioner may establish (1) financial incentives for prime contractors who exceed the goals set for the use of subcontractors under this subdivision; and (2) sanctions for prime contractors who ~~have not been granted a waiver and~~ fail to make good faith efforts to meet goals set under this subdivision.

(b) The subcontracting requirements of this subdivision do not apply to prime contractors who are veteran-owned small businesses.

Sec. 11. Minnesota Statutes 2014, section 161.321, subdivision 4, is amended to read:

Subd. 4. **Contract awards, limitations.** ~~Contracts awarded pursuant to this section are subject to all limitations contained in rules adopted by~~ The commissioner may elect to subject contracts awarded under this section to limitations contained in rules adopted by the commissioner of administration.

Sec. 12. Minnesota Statutes 2014, section 162.07, subdivision 1a, is amended to read:

Subd. 1a. **Apportionment sum and excess sum.** (a) For purposes of this subdivision, "distribution amount" means the amount identified in section 162.06, subdivision 1, after the deductions provided for in section 162.06 for administrative costs, disaster account, research account, and state park road account.

(b) The apportionment sum is calculated by ~~subtracting the excess sum, as calculated in paragraph (c), from~~ as 68 percent of the distribution amount.

(c) The excess sum is calculated as ~~the sum of revenue within~~ 32 percent of the distribution amount:

(1) ~~attributed to that portion of the gasoline excise tax rate under section 296A.07, subdivision 3, in excess of 20 cents per gallon, and to that portion of the excise tax rates in excess of the energy equivalent of a gasoline excise tax rate of 20 cents per gallon for E85 and M85 under section 296A.07, subdivision 3, and special fuel under section 296A.08, subdivision 2;~~

(2) ~~attributed to a change in the passenger vehicle registration tax under section 168.013, imposed on or after July 1, 2008, that exceeds (i) the amount collected in fiscal year 2008, multiplied by (ii) the annual average United States Consumer Price Index for the calendar year previous to the current calendar year, divided by the annual average United States Consumer Price Index for calendar year 2007; and~~

(3) ~~attributed to that portion of the motor vehicle sales tax revenue in excess of the percentage allocated to the county state-aid highway fund in fiscal year 2007.~~

(d) ~~For purposes of this subdivision, the United States Consumer Price Index identified in paragraph (c) is for all urban consumers, United States city average, as determined by the United States Department of Labor.~~

**EFFECTIVE DATE.** This section is effective July 1, 2015, for distribution calculations on or after that date.

Sec. 13. [162.145] SMALL CITIES ASSISTANCE.

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

(b) "Eligible city" means a statutory or home rule charter city that does not receive municipal state aid under sections 162.09 to 162.14 in the calendar year in which funds are distributed under this section.

(c) "Maximum aid" means 3.5 multiplied by the unweighted average amount of assistance to a city in a fiscal year.

(d) "Population" means the most recent population estimated or established as of 30 days before the date of an allocation under subdivision 4, of (i) the most recent federal census, (ii) a special census conducted under contract with the United States Bureau of the Census, (iii) a population estimate made by the Metropolitan Council pursuant to section 473.24, or (iv) a population estimate of the state demographer made pursuant to section 4A.02.

(e) "State-aid adjustment factor" means the greater of zero, or:

(1) 0.005; minus

(2) the number of lane miles of county state-aid highway in a city, divided by the total number of lane miles of county state-aid highway in all eligible cities.

(f) "Total population" means the sum of populations of all eligible cities.

Subd. 2. **Small cities assistance account.** A small cities assistance account is created in the special revenue fund. The account consists of funds as provided by law, and any other money donated, allotted, transferred, or otherwise provided to the account. Money in the account may only be expended as provided under this section.

Subd. 3. **Administration.** (a) Subject to funds made available by law, the commissioner shall allocate all funds as provided in subdivision 4 and shall notify the commissioner of revenue.

(b) Following notification from the commissioner of transportation, the commissioner of revenue shall distribute the specified funds to cities in the same manner as local government aid under chapter 477A. An appropriation to the commissioner of transportation under this section is available to the commissioner of revenue for the purposes specified in this paragraph.

(c) Notwithstanding other law to the contrary, in order to receive distributions under this section, a city must conform to the standards in section 477A.017, subdivision 2. A city that receives funds under this section must make and preserve records necessary to show that the funds are spent in compliance with subdivision 4.

Subd. 4. **Distribution formula.** (a) In each fiscal year in which funds are available under this section, the commissioner shall allocate funds to eligible cities.

(b) The preliminary aid to each city is calculated as follows:

(1) 5 percent of funds allocated equally among all eligible cities;

(2) 35 percent of funds allocated proportionally based on each city's share of lane miles of municipal streets compared to total lane miles of municipal streets of all eligible cities;

(3) 35 percent of funds allocated proportionally based on each city's share of population compared to total population of all eligible cities; and

(4) 25 percent of funds allocated proportionally based on each city's share of state-aid adjustment factor compared to the sum of state-aid adjustment factors of all eligible cities.

(c) The final aid to each city is calculated as the lesser of:

(1) the preliminary aid to the city multiplied by an aid factor; or

(2) the maximum aid.

(d) The commissioner shall set the aid factor under paragraph (c), which must be the same for all eligible cities, so that the total funds allocated under this subdivision equals the total amount available for the fiscal year.

Subd. 5. **Use of funds.** (a) Funds distributed under this section are available only for construction and maintenance of roads located within the city, including:

(1) land acquisition, environmental analysis, design, engineering, construction, reconstruction, and maintenance;

(2) road projects partially located within the city;

(3) projects on county state-aid highways located within the city; and

(4) cost participation on road projects under the jurisdiction of another unit of government.

(b) Except for projects under paragraph (a), clause (3), funds distributed under this section are not subject to state-aid requirements under this chapter, including but not limited to engineering standards adopted by the commissioner in rules.

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

Sec. 14. Minnesota Statutes 2014, section 168.013, subdivision 1d, is amended to read:

Subd. 1d. **Trailer.** (a) On trailers registered at a gross vehicle weight of greater than 3,000 pounds, the annual tax is based on total gross weight and is 30 percent of the Minnesota base rate prescribed in subdivision 1e, when the gross weight is 15,000 pounds or less, and when the gross weight of a trailer is more than 15,000 pounds, the tax for the first eight years of vehicle life is 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life the tax is 75 percent of the Minnesota base rate prescribed by subdivision 1e. A trailer registered at a gross vehicle weight greater than 3,000 pounds but no greater than 7,200 pounds may be taxed either: (1) annually as provided in this paragraph; or (2) once every three years on the basis of total gross weight and is 90 percent of the Minnesota base rate prescribed in subdivision 1e, provided that the filing fee under section 168.33, subdivision 7, paragraph (a), is multiplied by three, with funds collected by the commissioner allocated proportionally in the same manner as provided in section 168.33, subdivision 7, paragraph (e).

(b) Farm trailers with a gross weight in excess of 10,000 pounds and as described in section 168.002, subdivision 8, are taxed as farm trucks as prescribed in subdivision 1c.

(c) Effective on and after July 1, 2001, trailers registered at a gross vehicle weight of 3,000 pounds or less must display a distinctive plate. The registration on the license plate is valid for the life of the trailer only if it remains registered at the same gross vehicle weight. The onetime registration tax for trailers registered for the first time in Minnesota is \$55. For trailers registered in Minnesota before July 1, 2001, and for which:

(1) registration is desired for the remaining life of the trailer, the registration tax is \$25; or

(2) permanent registration is not desired, the biennial registration tax is \$10 for the first renewal if registration is renewed between and including July 1, 2001, and June 30, 2003. These trailers must be issued permanent registration at the first renewal on or after July 1, 2003, and the registration tax is \$20.

For trailers registered at a gross weight of 3,000 pounds or less before July 1, 2001, but not renewed until on or after July 1, 2003, the registration tax is \$20 and permanent registration must be issued.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to taxes payable for a registration period starting on or after January 1, 2016.

Sec. 15. Minnesota Statutes 2014, section 168.013, subdivision 1g, is amended to read:

Subd. 1g. **Recreational vehicle.** (a) Self-propelled recreational vehicles ~~shall~~ must be separately licensed and taxed annually on the basis of total gross weight ~~and~~. The tax ~~shall~~ must be graduated according to the Minnesota base rate schedule prescribed in subdivision 1e, but in no event less than \$20, except as otherwise provided in this subdivision.

(b) For all self-propelled recreational vehicles, the tax for the ninth and succeeding years of vehicle life ~~shall be~~ is 75 percent of the tax imposed in the Minnesota base rate schedule.

(c) Towed recreational vehicles ~~shall~~ must be separately licensed and taxed under either one of the following, as determined by the vehicle owner: (1) annually on the basis of total gross weight at 30 percent of the Minnesota base rate prescribed in subdivision 1e ~~but~~ ; or (2) once every three years on the basis of total gross weight at 90 percent of the Minnesota base rate prescribed in subdivision 1e, provided that the filing fee under section 168.33, subdivision 7, paragraph (a), is multiplied by three, with funds collected by the commissioner allocated proportionally in the same manner as provided in section 168.33, subdivision 7, paragraph (e). In no event is the tax under this paragraph less than \$5.

(d) Notwithstanding any law to the contrary, all trailers and semitrailers taxed pursuant to this section ~~shall be~~ are exempt from any wheelage tax now or hereafter imposed by any political subdivision or political subdivisions.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies to taxes payable for a registration period starting on or after January 1, 2016.

Sec. 16. Minnesota Statutes 2014, section 168.053, subdivision 1, is amended to read:

Subdivision 1. **Application; fee; penalty.** Any person, firm, or corporation with a business located in Minnesota engaged in the business of transporting motor vehicles owned by another, by delivering, by drive-away or towing methods, either singly or by means of the full mount method, the saddle mount method, the tow bar method, or any other combination thereof, and under their own power, vehicles over the highways of the state from the manufacturer or any other point of origin, to any point of destination, within or without the state, shall make application to the registrar for a drive-away in-transit license. This application for annual license shall be accompanied by a registration fee of \$250 and contain information the registrar may require. Upon the filing of the application and the payment of the fee, the registrar shall issue to each drive-away operator a drive-away in-transit license plate, which must be carried and displayed on the power unit consistent with section 169.79 and the plate shall remain on the vehicle while being operated within Minnesota transported. The license plate issued under this subdivision is not valid for the purpose of permanent vehicle registration ~~and is not valid outside Minnesota.~~ Additional drive-away in-transit license plates desired by any drive-away operator may be secured from the registrar of motor vehicles upon the payment of a fee of \$5 for each set of additional license plates. Any person, firm, or corporation engaging in the business as a drive-away operator, of transporting and delivering by means of full

mount method, the saddle mount method, the tow bar method, or any combination thereof, and under their own power, motor vehicles, who fails or refuses to file or cause to be filed an application, as is required by law, and to pay the fees therefor as the law requires, shall be found guilty of violating the provisions of sections 168.053 to 168.057; and, upon conviction, fined not less than \$50, and not more than \$100, and all costs of court. Each day so operating without securing the license and plates as required shall constitute a separate offense.

Sec. 17. Minnesota Statutes 2014, section 168.1299, subdivision 1, is amended to read:

Subdivision 1. **Issuance.** Notwithstanding section 168.1293, the commissioner shall issue special Minnesota golf plates or a single motorcycle plate to an applicant who:

- (1) is a registered owner of a passenger automobile, one-ton pickup truck, motorcycle, or recreational vehicle;
- (2) pays a fee of \$10 and any other fees required by this chapter;
- (3) contributes a minimum of \$30 annually ~~after January 1, 2017~~, to the Minnesota Section PGA Foundation account; and
- (4) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

**EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to plates issued on or after that date.

Sec. 18. Minnesota Statutes 2014, section 168.33, subdivision 7, is amended to read:

Subd. 7. **Filing fees; allocations.** (a) In addition to all other statutory fees and taxes, a filing fee of:

- (1) \$6 is imposed on every vehicle registration renewal, excluding pro rate transactions; and
- (2) \$10 is imposed on every other type of vehicle transaction, including motor carrier fuel licenses under sections 168D.05 and 168D.06, and pro rate transactions.

(b) Notwithstanding paragraph (a):

- (1) a filing fee may not be charged for a document returned for a refund or for a correction of an error made by the Department of Public Safety, a dealer, or a deputy registrar; and
- (2) no filing fee or other fee may be charged for the permanent surrender of a title for a vehicle.

(c) The filing fee must be shown as a separate item on all registration renewal notices sent out by the commissioner.

(d) The statutory fees and taxes, and the filing fees imposed under paragraph (a) may be paid by credit card or debit card. The deputy registrar may collect a surcharge on the statutory fees, taxes, and filing fee not greater than the cost of processing a credit card or debit card transaction, in accordance with emergency rules established by the commissioner of public safety. The surcharge must be used to pay the cost of processing credit and debit card transactions.

(e) The fees collected under this subdivision by the department must be allocated as follows:

- (1) of the fees collected under paragraph (a), clause (1):

- (i) \$4.50 must be deposited in the vehicle services operating account; and
- (ii) \$1.50 must be deposited:

(A) in the driver and vehicle services technology account until sufficient funds have been deposited in that account to cover all costs of administration, development, and initial full deployment of the driver and vehicle services information system; and

(B) after completion of the deposit of funds under subitem (A) in the vehicle services operating account; and

- (2) of the fees collected under paragraph (a), clause (2):

- (i) \$3.50 must be deposited in the general fund;
- (ii) \$5.00 must be deposited in the vehicle services operating account; and
- (iii) \$1.50 must be deposited:

(A) in the driver and vehicle services technology account until sufficient funds have been deposited in that account to cover all costs of administration, development, and initial full deployment of the driver and vehicle services information system; and

(B) after completion of the deposit of funds under subitem (A) in the vehicle services operating account.

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

Sec. 19. Minnesota Statutes 2014, section 168A.07, is amended by adding a subdivision to read:

Subd. 3. Fees. The filing fee to create a conditional registration shall conform with the fee provided in section 168.33, subdivision 7, paragraph (a), clause (3). A subsequent removal and clearing of a conditional registration is considered a separate transaction and requires payment of an additional filing fee of the same amount, provided the removal and clearing was initiated by a motor vehicle dealer licensed under section 168.27.

Sec. 20. Minnesota Statutes 2014, section 168D.06, is amended to read:

**168D.06 FUEL LICENSE FEES.**

License fees paid to the commissioner under the International Fuel Tax Agreement must be deposited in the vehicle services operating account in the special revenue fund under section 299A.705. The commissioner shall charge an annual fuel license fee of \$15, ~~and~~ an annual application filing fee of \$13 for quarterly reporting of fuel tax, and a reinstatement fee of \$100 to reinstate a revoked International Fuel Tax Agreement license.

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

Sec. 21. Minnesota Statutes 2014, section 169.18, subdivision 12, is amended to read:

**Subd. 12. Passing certain parked vehicles.** (a) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having two lanes in the same direction, the driver of a vehicle shall safely move the vehicle to the lane farthest away from the parked or stopped vehicle, if it is possible to do so.

(b) When approaching and before passing a freeway service patrol vehicle, road maintenance vehicle, utility company vehicle, or construction vehicle with its warning lights activated that is parked or otherwise stopped on or next to a street or highway having more than two lanes in the same direction, the driver of a vehicle shall safely move the vehicle so as to leave a full lane vacant between the driver and any lane in which the vehicle is completely or partially parked or otherwise stopped, if it is possible to do so.

Sec. 22. Minnesota Statutes 2014, section 169.475, subdivision 2, is amended to read:

Subd. 2. **Prohibition on use; penalty.** (a) No person may operate a motor vehicle while using a wireless communications device to compose, read, or send an electronic message, when the vehicle is in motion or a part of traffic.

(b) A person who violates paragraph (a) a second or subsequent time must pay a fine of \$225, plus the amount specified in the uniform fine schedule established by the Judicial Council.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to violations committed on or after that date.

Sec. 23. Minnesota Statutes 2014, section 169.49, is amended to read:

#### **169.49 HEADLAMPS.**

(a) Every motor vehicle, other than a motorcycle, ~~shall~~ must be equipped with at least two headlamps, ~~with including~~ at least one on each side of the front of the motor vehicle, ~~which.~~ Headlamps ~~shall~~ must comply with the requirements and limitations set forth in sections 169.47 to ~~169.79~~ 169.66.

(b) Every motorcycle ~~shall~~ must be equipped with at least one and not more than ~~two~~ four headlamps, which ~~shall~~ must comply with the requirements and limitations of sections 169.47 to ~~169.79~~ 169.66.

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

Sec. 24. Minnesota Statutes 2014, section 169.782, subdivision 1, is amended to read:

Subdivision 1. **Driver; daily inspection, report.** (a) The driver of a commercial motor vehicle shall ~~report in writing at the completion of each day's work on~~ inspect daily each commercial motor vehicle the driver has operated. A person who owns one or more commercial motor vehicles and who employs drivers for those commercial motor vehicles must require each driver to submit a written report at the completion of each day's work as required by this section. The driver of a commercial motor vehicle subject to this section is not required to prepare and submit a written report if no defect or deficiency is discovered by or reported to the driver, except that the driver of a passenger-carrying commercial motor vehicle shall prepare and submit a written report regardless of whether any defect or deficiency is discovered by or reported to the driver.

(b) The inspection and report must cover the following parts and accessories: service brakes, including trailer and semitrailer brake connections; parking (hand) brake; steering mechanism; lighting devices and reflectors; tires; horn; windshield wiper or wipers; rear vision mirror or mirrors; coupling devices; wheels and rims; and emergency equipment.

~~(b)~~ (c) The report must identify the vehicle and list any defect or deficiency discovered by or reported to the driver that would affect the safe operation of the vehicle or result in its mechanical

breakdown. If no defect or deficiency is discovered by or reported to the driver, the report must so indicate. The driver must sign the report after completing it. In the case of a commercial motor vehicle operated by two drivers, the signature of one of the drivers satisfies the requirements of this subdivision if both drivers agree concerning the defects or deficiencies. If a driver operates more than one commercial motor vehicle during a day's work, a report must be prepared for each vehicle operated.

(e) (d) Before operating or allowing the operation of a commercial motor vehicle on which a report has been prepared under this subdivision, the owner of the vehicle or the owner's agent must repair defects or deficiencies listed on the report that would likely affect the safe operation of the vehicle. Before allowing the commercial motor vehicle to be operated again, the owner or the owner's agent must certify, on the report listing the defect or deficiency, that the defect or deficiency has been corrected or that correction is unnecessary. A motor carrier must keep the original vehicle inspection report for at least three months after the date of inspection. The report must be available for inspection by an authorized federal, state, or local official at any time during this period.

(d) (e) A copy of the vehicle inspection report, including a certification of corrections resulting from the report, must be carried in the commercial motor vehicle, or in the power unit of a commercial motor vehicle combination, at all times when the vehicle or power unit is operated until the next inspection report is completed under this subdivision. The copy must be made available on demand to (1) a peace officer, (2) a person authorized under section 221.221, and (3) a person described in section 299D.06.

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

Sec. 25. Minnesota Statutes 2014, section 169.782, subdivision 2, is amended to read:

Subd. 2. **Driver; pretrip inspection.** (a) ~~Before driving~~ Prior to the first operation of a commercial motor vehicle following completion of a daily inspection report under subdivision 1, a driver must:

- (1) review the most recent vehicle inspection report on the vehicle;
- (2) determine that the vehicle is in safe operating condition; and
- (3) sign the inspection report in the vehicle.

(b) The driver shall sign the report only if all defects and deficiencies listed in the report have been certified as having been corrected or as not requiring correction.

~~(b) If the commercial motor vehicle does not contain the previous day's inspection report, the driver must make the inspection and complete the report required under subdivision 1.~~

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

Sec. 26. Minnesota Statutes 2014, section 169.782, subdivision 4, is amended to read:

Subd. 4. **Exceptions.** (a) ~~With the exception of subdivision 2, paragraph (a), clause (2);~~ This section does not apply to a commercial motor vehicle that is a farm truck that may be operated by a person not holding a commercial driver's license, provided that before driving the vehicle, a driver must determine that the vehicle is in safe operating condition.

(b) This section does not apply to a commercial motor vehicle held for resale by a motor vehicle dealer licensed under section 168.27.

(c) This section does not apply to a covered farm vehicle as defined in Code of Federal Regulations, title 49, section 390.5, that is not carrying hazardous materials of a type or quantity that requires the vehicle to be placarded in accordance with Code of Federal Regulations, title 49, section 172.504.

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

Sec. 27. Minnesota Statutes 2014, section 169.798, subdivision 4, is amended to read:

Subd. 4. ~~Attestation of Insurance information required.~~ Every owner, when applying for motor vehicle or motorcycle registration, reregistration, or transfer of ownership, must attest provide information showing that the motor vehicle or motorcycle is covered by an insurance policy. Information required under this subdivision consists of the insurance company's name, the policy number, and the policy expiration date for the subject motor vehicle or motorcycle.

**EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to registrations, reregistrations, and transfers of ownership occurring on or after that date.

Sec. 28. Minnesota Statutes 2014, section 169.81, is amended by adding a subdivision to read:

Subd. 3f. **Length limits exclusion; aerodynamic device.** An aerodynamic device that meets the requirements under Code of Federal Regulations, title 23, section 658.16 (b)(4), is excluded from each calculation of length under subdivision 2, 3, or 3c, including (1) total vehicle length; and (2) length of a semitrailer or trailer, whether in a vehicle combination or not.

Sec. 29. Minnesota Statutes 2014, section 169.87, subdivision 6, is amended to read:

Subd. 6. **Recycling and garbage vehicles.** (a) Except as provided in paragraph (b), weight restrictions imposed under subdivisions 1 and 2 do not apply to a vehicle that does not exceed 20,000 pounds per single axle and is designed and used exclusively for recycling, while engaged in recycling in a political subdivision that mandates curbside recycling pickup.

(b) Weight restrictions imposed under subdivisions 1 and 2 do not apply to: (1) a vehicle that does not exceed 14,000 pounds per single axle and is used exclusively for recycling as described in paragraph (a); ~~or;~~ (2) a vehicle that does not exceed 14,000 pounds per single axle and is designed and used exclusively for collecting mixed municipal solid waste, as defined in section 115A.03, subdivision 21, while engaged in such collection; or (3) a portable toilet service vehicle that does not exceed 14,000 pounds per single axle or 26,000 pounds gross vehicle weight, and is designed and used exclusively for collecting liquid waste from portable toilets, while engaged in such collection.

(c) Notwithstanding section 169.80, subdivision 1, a violation of weight restrictions imposed under subdivisions 1 and 2 by a vehicle designed and used exclusively for recycling while engaged in recycling in a political subdivision that mandates curbside recycling pickup while engaged in such collection, ~~or~~ by a vehicle that is designed and used exclusively for collecting mixed municipal solid waste as defined in section 115A.03, subdivision 21, while engaged in such collection, ~~or by a portable toilet service vehicle that is designed and used exclusively for collecting liquid waste from portable toilets, while engaged in such collection,~~ is not subject to criminal penalties but is subject to a civil penalty for excess weight under section 169.871.

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

Sec. 30. Minnesota Statutes 2014, section 173.02, is amended by adding a subdivision to read:

Subd. 18a. **Electronic advertising device.** (a) "Electronic advertising device" means an advertising device capable of displaying digital content that can be changed through messaging or electronic communications technology.

(b) Digital content consists of static text and images only, and does not include animation, flashing or moving lights, video, or other content having the appearance of movement.

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

Sec. 31. Minnesota Statutes 2014, section 173.15, is amended to read:

**173.15 PROHIBITED ADVERTISING DEVICES.**

(a) After June 8, 1971 no advertising device shall be erected or maintained:

(1) which purports to be or resembles an official traffic-control device, sign, or signal, or railroad sign or signal; or which hides from view or interferes in any material degree with the effectiveness of any traffic-control device, sign, or signal, or railroad sign or signal, or which obstructs or interferes with the driver's view of approaching, merging, or intersecting traffic for a distance not to exceed 500 feet;

(2) which prominently displays the word "stop" or "danger";

(3) which contains statements, words, or pictures of an obscene, indecent, or immoral character, or such as would offend public morals or decency;

(4) on any right-of-way of the interstate system of highways, except as otherwise provided by law or allowed by the commissioner;

(5) on private land without the consent of the owner or occupant thereof;

(6) on trees, shrubs, or which are painted or drawn upon rocks or natural features, or on public utility poles;

(7) which has distracting flashing or moving lights so designed or lighted as to be a traffic hazard;

(8) to which access can be obtained only from an interstate main-traveled way but excluding frontage roads adjacent thereto;

(9) which are structurally unsafe, are in disrepair, or are abandoned.

(b) The prohibition under paragraph (a), clause (7), does not include an electronic advertising device that changes displayed digital content no more frequently than once every six seconds.

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

Sec. 32. Minnesota Statutes 2014, section 174.40, is amended by adding a subdivision to read:

Subd. 4a. **Eligibility.** A statutory or home rule charter city, county, or town is eligible to receive funding under this section only if it has adopted subdivision regulations that require safe routes to school infrastructure in developments authorized on or after June 1, 2016.

Sec. 33. Minnesota Statutes 2014, section 219.76, is amended to read:

**219.76 FIRE DAMAGE CAUSED BY ENGINE TRAIN OR CONTENTS; INSURABLE INTEREST.**

A railroad corporation owning or operating a railroad in this state is responsible in damages to every person who is injured and corporation public or private entity or person whose property is injured, damaged, or destroyed by fire communicated spread directly or indirectly by the locomotive engines or rolling stock in use upon its railroad line, or contents of the rolling stock, or caused directly or indirectly by spill, tear, discharge, or combustion of train contents. Each railroad corporation shall have an insurable interest in the property upon the route of its railroad line and may procure insurance in its own behalf for its protection against the damages.

Sec. 34. Minnesota Statutes 2014, section 219.761, is amended to read:

**219.761 EXTINGUISHING LOCOMOTIVE RESPONSE TO TRAIN-RELATED FIRE OR OTHER EMERGENCY; REIMBURSEMENT.**

Subdivision 1. **Reimbursement.** (a) A railroad operating in Minnesota is liable for all reasonable expenses of extinguishment when a fire or fire hazard other emergency that is proximately caused by a railroad locomotive, rolling stock or its contents, or employees on a railroad right-of-way or, operating property, or other property. If the fire department of a local government or nonprofit firefighting corporation extinguishes an emergency responder, local government entity, or nonprofit firefighting corporation responds to a fire arising from one occurrence or responds to another emergency and deems that it is entitled to reimbursement for its expenses, it shall, within 60 days after the first full day after extinguishment the emergency response, give the railroad, by mail, written notice stating the circumstances of the fire or other emergency as then known. The notice may be given to the railroad at any address at which the owner has an office, agent, or other place of business in this state. The date of the mailing is the date of service of the notice. For purposes of this paragraph, reasonable response expenses include all expenses incurred by a fire department or other emergency responder in supplying mutual aid assistance, regardless of whether the fire department or emergency responder is entitled to reimbursement from the entity requesting assistance.

(b) If after notice and claim for reimbursement, the railroad working the right-of-way refuses to reimburse the local government, or nonprofit firefighting corporation, or other emergency responders for expenses incurred, the claimant may recover by civil action reasonable expenses, costs, disbursements, and attorney's fees.

Subd. 2. **Information in claim.** All claims must set forth the basis of the claim including the time, date, place, and circumstances of the claim. A claim must also include an itemization of costs incurred to extinguish the fire or respond to the emergency. The state Fire Marshal, in consultation with fire department chiefs and, representatives of the interested railroads, representatives of local government entities, nonprofit firefighting corporations, and other emergency responders, may recommend that additional information be included in a claim.

Subd. 3. **Other costs, remedies.** (a) If the railroads are required to pay property taxes pursuant to chapter 272 or any other law, they shall also pay the fees and assessments required of property owners situated within the same political subdivision for firefighting and protection expenses.

(b) Neither the enactment of this section nor its subsequent repeal or termination alters the statutory or common law rights, duties, or obligations of railroad companies with regard to fires and other emergencies caused directly or indirectly by a railroad locomotive, rolling stock, contents, or railroad employees on a railroad right-of-way or, operating property, or other property, or caused directly or indirectly by spill, tear, discharge, or combustion of train contents.

Sec. 35. Minnesota Statutes 2014, section 221.031, is amended by adding a subdivision to read:

Subd. 9a. **Federal out-of-service order; operation prohibited.** No intrastate carrier, private carrier engaged in intrastate commerce, or person providing intrastate transportation service described in section 221.025 shall operate a commercial motor vehicle in Minnesota while a motor carrier out-of-service order issued by the Federal Motor Carrier Safety Administration under Code of Federal Regulations, title 49, part 385 or 386, is in effect.

Sec. 36. Minnesota Statutes 2014, section 221.605, is amended by adding a subdivision to read:

Subd. 4. **Federal out-of-service order; operation prohibited.** No interstate carrier or private carrier engaged in interstate commerce shall operate a commercial motor vehicle in Minnesota while a motor carrier out-of-service order issued by the Federal Motor Carrier Safety Administration under Code of Federal Regulations, title 49, part 385 or 386, is in effect.

Sec. 37. Minnesota Statutes 2014, section 222.50, subdivision 7, is amended to read:

Subd. 7. **Expenditures.** (a) The commissioner may expend money from the rail service improvement account for the following purposes:

(1) to make transfers as provided under section 222.57 or to pay interest adjustments on loans guaranteed under the state rail user and rail carrier loan guarantee program;

(2) to pay a portion of the costs of capital improvement projects designed to improve rail service of a rail user or a rail carrier;

(3) to pay a portion of the costs of rehabilitation projects designed to improve rail service of a rail user or a rail carrier;

(4) to acquire, maintain, manage, and dispose of railroad right-of-way pursuant to the state rail bank program;

(5) to provide for aerial photography survey of proposed and abandoned railroad tracks for the purpose of recording and reestablishing by analytical triangulation the existing alignment of the in-place track;

(6) to pay a portion of the costs of acquiring a rail line by a regional railroad authority established pursuant to chapter 398A;

(7) to pay the state matching portion of federal grants for rail-highway grade crossing improvement projects;

(8) for expenditures made before July 1, 2017, to pay the state matching portion of grants under the federal Transportation Investment Generating Economic Recovery (TIGER) program of the United States Department of Transportation; ~~and~~

(9) to fund rail planning studies; and

(10) to pay a portion of the costs of capital improvement projects designed to improve capacity or safety at rail yards.

(b) All money derived by the commissioner from the disposition of railroad right-of-way or of any other property acquired pursuant to sections 222.46 to 222.62 shall be deposited in the rail service improvement account.

Sec. 38. Minnesota Statutes 2014, section 299A.465, subdivision 2, is amended to read:

Subd. 2. **Officer or firefighter killed in line of duty.** (a) This subdivision applies when a peace officer or, firefighter, or volunteer firefighter is killed while on duty and discharging the officer's or, firefighter's, or volunteer firefighter's duties as a peace officer or, firefighter, or volunteer firefighter.

(b) The officer's or firefighter's employer shall continue to cover the deceased officer's or firefighter's dependents, including the officer's or firefighter's spouse:

(1) if the officer or, firefighter, or volunteer firefighter was receiving dependent coverage at the time of the officer's or, firefighter's, or volunteer firefighter's death under the employer's group health plan; or

(2) if the officer's or, firefighter's, or volunteer firefighter's spouse was not covered as a dependent at the time of the officer's or, firefighter's, or volunteer firefighter's death, but at that time was eligible, or afterward becomes eligible, to be a dependent on the employer's group health plan.

(c) The employer is responsible for the employer's contribution for the coverage of the officer's or, firefighter's, or volunteer firefighter's dependents. Subject to subdivision 5, paragraph (b), clause (2), coverage must continue for a dependent of the officer or, firefighter for the period of time that the person is a dependent up to the age of 65, or volunteer firefighter as follows: (1) for a surviving spouse, until the surviving spouse reaches the age of 65; and (2) for each other dependent, until the dependent reaches the age of 26, except as otherwise provided in section 62L.02, subdivision 11.

**EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to officer, firefighter, and volunteer firefighter deaths that occur on and after the effective date.

Sec. 39. Minnesota Statutes 2014, section 299A.465, is amended by adding a subdivision to read:

Subd. 2a. **Volunteer firefighter killed in line of duty.** (a) This subdivision applies when a volunteer firefighter is killed while on duty and discharging the volunteer firefighter's duties as a volunteer firefighter and the municipality or municipalities that operate the fire department did not offer a group health insurance policy to which a volunteer firefighter was eligible to subscribe.

(b) The municipality or municipalities that operate the fire department that the volunteer firefighter served with shall, until coverage terminates as provided under subdivision 2, paragraph (c), either: (1) provide health insurance coverage for the volunteer firefighter's dependents that is equivalent to the average benefit provided by the municipality or municipalities to dependents of its employees who are covered by the plan; or (2) reimburse the dependents, if the municipality or municipalities do not offer a group health insurance plan for any employees, for a minimum of 50 percent of the cost of health insurance premiums for coverage selected by the dependents.

**EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to volunteer firefighter deaths that occur on and after the effective date.

Sec. 40. Minnesota Statutes 2014, section 299A.465, subdivision 5, is amended to read:

Subd. 5. **Definition.** For purposes of this section:

(a) "Peace officer" or "officer" has the meaning given in section 626.84, subdivision 1, paragraph (c).

(b) "Dependent" means a person who: (1) meets the definition of dependent in section 62L.02, subdivision 11, at the time of the officer's or firefighter's injury or death; a person, or at the time of the volunteer firefighter's death; and (2) is not a dependent for purposes of this section during the period of time the person is covered under another group health plan. For purposes of this section, the term "eligible employee" as defined under section 62L.02, subdivision 13, includes a volunteer firefighter.

(c) "Firefighter" has the meaning given in Minnesota Statutes 2000, section 424.03, but does not include volunteer firefighters.

(d) "Volunteer firefighter" has the meaning given in section 299N.03, subdivision 7, and includes paid per call.

(e) "Fire department" has the meaning given in section 299N.03, subdivision 4.

(f) For purposes of subdivisions 2 to 5a, "employer" includes a municipality or municipalities that operate the fire department in which a volunteer firefighter serves.

**EFFECTIVE DATE.** This section is effective January 1, 2016, and applies to officer and firefighter deaths that occur on and after the effective date.

Sec. 41. Minnesota Statutes 2014, section 299A.465, is amended by adding a subdivision to read:

Subd. 5a. **Minimum benefit.** Nothing in this section prohibits an employer from providing benefits to survivors of deceased volunteer firefighters that are greater than the benefits required under this section.

Sec. 42. Minnesota Statutes 2014, section 299D.085, subdivision 2, is amended to read:

Subd. 2. **Certificate.** No person may operate as an overdimensional load escort driver in this state without a certificate issued by the commissioner, or by a state with which the commissioner has entered into a reciprocal agreement. The commissioner shall assess a fee for each certificate applicant, calculated to cover the commissioner's cost of establishing and administering the program. No other certification is required to escort an overdimensional load.

Sec. 43. Minnesota Statutes 2014, section 299D.09, is amended to read:

**299D.09 ESCORT SERVICE; APPROPRIATION; RECEIPTS.**

(a) Fees charged for escort services provided by the State Patrol are annually appropriated to the commissioner of public safety to administer and provide these services.

(b) The fee charged for services provided by the State Patrol with a vehicle is \$79.28 an hour. The fee charged for services provided without a vehicle is \$59.28 an hour shall be set to recover actual costs as determined by the commissioner of public safety by July 1 each year.

(c) The fees charged for State Patrol flight services are \$140 an hour for a fixed wing aircraft, \$490 an hour for a helicopter, and \$600 an hour for the Queen Air in fiscal year 2012; and \$139.64 an hour for a fixed wing aircraft, \$560.83 an hour for a helicopter, and \$454.84 an hour for the Queen Air in fiscal year 2013 and thereafter.

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

Sec. 44. **[299F.037] REPORTING FIREFIGHTER DEATHS.**

Whenever an active firefighter dies, whether or not the death is presumed to be in the line of duty, the fire chief of the deceased firefighter must report, without undue delay, the death to the state fire marshal. The notification shall identify the cause of death and contain information concerning the circumstances of the death.

Sec. 45. Minnesota Statutes 2014, section 360.305, subdivision 4, is amended to read:

Subd. 4. **Costs allocated; local contribution; hangar construction account.** (a) ~~Except as otherwise provided in this subdivision~~ Annually by June 1, the commissioner of transportation shall require as a condition of assistance by the state that the establish local contribution rates which will apply to a political subdivision, municipality, or public corporation ~~make a substantial contribution to the cost of the construction, improvement, maintenance, or operation of the airport, in connection with which the assistance of the state is sought. These costs are referred to as project costs when applying for state or federal funding assistance to construct, improve, maintain, or operate an airport, or to acquire land for airport facilities or clear zones. If the commissioner does not establish local contribution rates by June 1, the previous rates apply.~~

(b) ~~For any airport, whether key, intermediate, or landing strip, where only state and local funds are to be used, the contribution shall be not less than one-fifth of the sum of:~~

(1) ~~the project costs;~~

(2) ~~acquisition costs of the land and clear zones, which are referred to as acquisition costs. The commissioner may pay all costs beyond the local contribution. Local contribution rates shall not be less than five percent of the total cost of the activity or acquisition, except that the commissioner may require less than five percent for research projects, radio or navigational aids, activities, or acquisitions for which federal funds are available to cover more than 90 percent of the total cost, or as otherwise necessary to respond to an emergency.~~

(c) ~~For any airport where federal, state, and local funds are to be used, the contribution shall not be less than five percent of the sum of the project costs and acquisition costs. The commissioner's establishment of local contribution rates is not subject to the rulemaking requirements of chapter 14.~~

(d) ~~The commissioner may pay the total cost of radio and navigational aids.~~

(e) ~~Notwithstanding paragraph (b) or (c), the commissioner may pay all of the project costs of a new landing strip, but not an intermediate airport or key airport, or may pay an amount equal to the federal funds granted and used for a new landing strip plus all of the remaining project costs; but the total amount paid by the commissioner for the project costs of a new landing strip, unless specifically authorized by an act appropriating funds for the new landing strip, shall not exceed \$200,000.~~

~~(f)~~ Notwithstanding paragraph (b) or (c), the commissioner may pay all the project costs for research and development projects, including, but not limited to noise abatement, provided that in no event shall the sums expended under this paragraph exceed five percent of the amount appropriated for construction grants.

~~(g)~~ (d) To receive aid under this section for project costs or for acquisition costs, the municipality must enter into an agreement with the commissioner giving assurance that the airport will be operated and maintained in a safe, serviceable manner for aeronautical purposes only for the use and benefit of the public:

(1) for 20 years after the date ~~that the municipality receives any state funds for project construction or improvement costs are received by the municipality;~~ and

(2) for 99 years after the date ~~that the municipality receives any state funds for land acquisition costs are received by the municipality.~~ If any land acquired with state funds ceases to be used for aviation purposes, the municipality shall repay the state airports fund the same percentage of the appraised value of the property as that percentage of the costs of acquisition and participation provided by the state to acquire the land.

The agreement may contain other conditions as the commissioner deems reasonable.

~~(h)~~ (e) The commissioner shall establish a hangar construction revolving account, which shall be used for the purpose of financing the construction of hangar buildings to be constructed by municipalities owning airports. All municipalities owning airports are authorized to enter into contracts for the construction of hangars, and contracts with the commissioner for the financing of hangar construction for an amount and period of time as may be determined by the commissioner and municipality. All receipts from the financing contracts shall be deposited in the hangar construction revolving account and are reappropriated for the purpose of financing construction of hangar buildings. ~~The commissioner may pay from the hangar construction revolving account 80 percent of the cost of financing construction of hangar buildings. For purposes of this paragraph, the construction of hangars shall include their design.~~ The commissioner shall transfer up to \$4,400,000 from the state airports fund to the hangar construction revolving account.

~~(i)~~ (f) The commissioner may ~~pay a portion of the purchase price of any~~ contribute to costs incurred by any municipality for airport maintenance and operations, safety equipment, and ~~of the actual airport snow removal costs incurred by any municipality.~~ The portion to be paid by the state shall ~~not exceed two-thirds of the cost of the purchase price or snow removal.~~ To receive aid a municipality must enter into an agreement of the type referred to in paragraph (g).

~~(j)~~ (g) This subdivision applies only to project costs or acquisition costs of municipally owned airports incurred after June 1, 1971.

Sec. 46. Minnesota Statutes 2014, section 473.146, subdivision 4, is amended to read:

Subd. 4. **Transportation planning.** (a) The Metropolitan Council is the designated planning agency for any long-range comprehensive transportation planning required by section 134 of the Federal Highway Act of 1962, Section 4 of Urban Mass Transportation Act of 1964 and Section 112 of Federal Aid Highway Act of 1973 and other federal transportation laws. The council shall assure administration and coordination of transportation planning with appropriate state, regional and other agencies, counties, and municipalities.

(b) The council shall establish an advisory body consisting of citizens and representatives of municipalities, counties, and state agencies in fulfillment of the planning responsibilities of the council. The membership of the advisory body must consist of:

- (1) the commissioner of transportation or the commissioner's designee;
- (2) the commissioner of the Pollution Control Agency or the commissioner's designee;
- (3) one member of the Metropolitan Airports Commission appointed by the commission;
- (4) one person appointed by the council to represent nonmotorized transportation;
- (5) one person appointed by the commissioner of transportation to represent the freight transportation industry;
- (6) two persons appointed by the council to represent public transit;
- (7) ten elected officials of cities within the metropolitan area, including one representative from each first-class city, appointed by the Association of Metropolitan Municipalities;
- (8) one member of the county board of each county in the seven-county metropolitan area, appointed by the respective county boards;
- (9) eight citizens appointed by the council, one from each council precinct; **and**
- (10) one elected official from a city participating in the replacement service program under section 473.388, appointed by the Suburban Transit Association; and
- (11) one member of the council, appointed by the council.

(c) The council shall appoint a chair from among the members of the advisory body.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 47. Laws 2009, chapter 158, section 10, as amended by Laws 2012, chapter 287, article 3, section 56, and Laws 2014, chapter 255, section 20, is amended to read:

Sec. 10. **EFFECTIVE DATE.**

Sections 2 and 3 are effective August 1, 2009, ~~and the amendments made in sections 2 and 3 to Minnesota Statutes, sections 169.011 and 169.045, expire July 31, 2015.~~

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

Sec. 48. Laws 2014, chapter 312, article 10, section 11, subdivision 2, is amended to read:

Subd. 2. **Evaluation of response preparedness and funding.** By January 15, 2017, the commissioner of public safety shall submit an evaluation of safety preparedness and funding related to incidents involving transportation of oil and other hazardous materials to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and public safety policy and finance. At a minimum, the evaluation must:

- (1) provide an update to the report under subdivision 1 that identifies notable changes and provides updated information as appropriate;

(2) analyze preparedness and impacts to public safety from ethanol transportation by rail, which must provide the same information with respect to ethanol as is required for oil under subdivision 1, clauses (1) to (3) and (6);

(3) evaluate the effectiveness of training and response preparedness activities under Minnesota Statutes, section 299A.55, using the criteria established under subdivision 1, clause (5);

~~(3)~~ (4) identify current sources of funds, funding levels, and any unfunded needs for preparedness activities;

(4) (5) analyze equity in the distribution of funding sources for preparedness activities, which must include but is not limited to (i) examination of the public-private partnership financing model, and (ii) review of balance across industries involved in storage and distribution of oil; and

~~(5)~~ (6) make recommendations for any programmatic or legislative changes.

Sec. 49. Laws 2014, chapter 312, article 11, section 3, the effective date, is amended to read:

**EFFECTIVE DATE.** Subdivisions 1 to 4 are effective January 1, 2015, for special Minnesota golf plates issued on or after that date. Subdivision 5 is effective ~~January 1, 2017~~ July 1, 2015.

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

Sec. 50. **LEGISLATIVE ROUTE NO. 228 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 159, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Otter Tail County to transfer jurisdiction of Legislative Route No. 228 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 51. **LEGISLATIVE ROUTE NO. 275 REMOVED.**

(a) Minnesota Statutes, section 161.115, subdivision 206, is repealed effective the day after the commissioner of transportation receives a copy of the agreement between the commissioner and the governing body of Lac qui Parle County to transfer jurisdiction of Legislative Route No. 275 and after the commissioner notifies the revisor of statutes under paragraph (b).

(b) The revisor of statutes shall delete the route identified in paragraph (a) from Minnesota Statutes when the commissioner of transportation sends notice to the revisor electronically or in writing that the conditions required to transfer the route have been satisfied.

Sec. 52. **COST PARTICIPATION POLICY.**

The commissioner of transportation, in consultation with representatives of local units of government, shall create and adopt a policy concerning cost participation for cooperative construction projects and maintenance responsibilities between the Department of Transportation and local units of government. The policy must minimize the share of cooperative project costs to be funded by the local units of government, while complying in all respects with the state constitutional requirements concerning allowable uses of the trunk highway fund. The policy should provide and include sufficient flexibility for unique projects and locations if doing so results

in a lower total project cost. The policy must be completed and adopted by the commissioner no later than March 1, 2016.

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

Sec. 53. **ENGINE BRAKES; REGULATION BY ST. PAUL.**

Notwithstanding any other law or charter provision, the governing body of the city of St. Paul may by ordinance restrict or prohibit the use of an engine brake on motor vehicles along Legislative Route No. 392, also known as marked Interstate Highway 94, between Johnson Parkway and marked Trunk Highway 52. Upon notification by the city of St. Paul to the commissioner of transportation of the city's adoption of the ordinance, the commissioner of transportation shall erect the appropriate signs, with the cost of the signs to be paid by the city. For purposes of this section, "engine brake" means any device that uses the engine and transmission to impede the forward motion of the motor vehicle by compression of the engine.

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

Sec. 54. **CONCRETE DIAMOND GRINDING SLURRY.**

The commissioner of transportation shall not engage in a study, including under any agreement with a consultant, related to the deposit of slurry generated from highway diamond grinding on the side of roadways, unless the commissioner consults with interested representatives of the road construction and maintenance industry regarding the methodology and specifications for the study. The commissioner or a consultant operating under an agreement with the commissioner shall consult with interested representatives of the road construction and maintenance industry to evaluate methods of determining best management practices.

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

Sec. 55. **LEGISLATIVE REPORT ON VEHICLE TITLE TRANSFER FEE FUNDS.**

By November 1, 2015, the commissioner of the Pollution Control Agency shall submit a report on motor vehicle title transfer fee funds to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation and environment policy and finance. At a minimum, the report must (1) identify the annual amount of revenue from the motor vehicle title transfer fee under Minnesota Statutes, section 115A.908, over fiscal years 2012 to 2015; (2) evaluate the policy rationale for allocation of revenue from the title transfer fee; and (3) specify uses of funds from the title transfer fee, including identification of any motor vehicle, road, or bridge purposes for which funds are used.

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

Sec. 56. **REPORT ON DEDICATED FUND EXPENDITURES.**

By January 15, 2016, the commissioners of transportation and public safety, in consultation with the commissioner of management and budget, shall jointly submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance. The report must list detailed expenditures and transfers from the trunk highway fund and highway user tax distribution fund for fiscal years 2010 through 2015, and shall include information on the purpose of each expenditure.

Sec. 57. **ROAD DESIGN STANDARDS.**

By August 15, 2016, the commissioner of transportation shall, in collaboration with city and county engineers, establish and adopt design standards and guidelines to be applied consistently to trunk highways, county state-aid highways, and municipal state-aid streets with similar characteristics. The standards and guidelines must align the state-aid standards with the Department of Transportation trunk highway standards and technical memoranda as appropriate. The commissioner shall report the adopted standards and guidelines to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation policy by August 15, 2016, and present an interim report by March 15, 2016.

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

Sec. 58. **REPEALER.**

Minnesota Statutes 2014, section 299E.02, is repealed."

Delete the title and insert:

"A bill for an act relating to transportation; establishing a budget for transportation; appropriating money for transportation, including Department of Transportation, Metropolitan Council, and Department of Public Safety activities; amending various provisions governing transportation policy and finance; establishing an account; requiring reports; amending Minnesota Statutes 2014, sections 13.69, subdivision 1; 16E.15, subdivision 2; 117.036, subdivisions 2, 4; 160.20, subdivision 4; 160.27, by adding a subdivision; 161.231; 161.321, subdivisions 2a, 2c, 4; 162.07, subdivision 1a; 168.013, subdivisions 1d, 1g; 168.053, subdivision 1; 168.1299, subdivision 1; 168.33, subdivision 7; 168A.07, by adding a subdivision; 168D.06; 169.18, subdivision 12; 169.475, subdivision 2; 169.49; 169.782, subdivisions 1, 2, 4; 169.798, subdivision 4; 169.81, by adding a subdivision; 169.87, subdivision 6; 173.02, by adding a subdivision; 173.15; 174.40, by adding a subdivision; 219.76; 219.761; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 222.50, subdivision 7; 299A.465, subdivisions 2, 5, by adding subdivisions; 299D.085, subdivision 2; 299D.09; 360.305, subdivision 4; 473.146, subdivision 4; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 10, section 11, subdivision 2; article 11, section 3; proposing coding for new law in Minnesota Statutes, chapters 160; 162; 299F; repealing Minnesota Statutes 2014, section 299E.02."

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

Senate Conferees: D. Scott Dibble, Susan Kent, Vicki Jensen, David H. Senjem, Fong Hawj

House Conferees: Tim Kelly, John Petersburg, Tim Sanders, Jeff Howe, Kim Norton

Senator Dibble moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1647 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1647 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

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

Those who voted in the affirmative were:

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

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

### RECESS

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

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

### CALL OF THE SENATE

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

### RECESS

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

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

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 888 and the Conference Committee Report thereon were reported to the Senate.

### CONFERENCE COMMITTEE REPORT ON S.F. NO. 888

A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies, boards, councils, retirement funds, military affairs and veterans affairs, and senate building; cancellation of certain appropriations; transferring money to the budget reserve; allowing prepay for certain software and information technology hosting services; limiting a fee or fine increase to ten percent in a biennium; providing reimbursement for reasonable accommodation; modifying grant agreement provisions; making changes to guaranteed energy-savings program, small business requirements, and targeted group businesses; changing certain requirements for the

practice of cosmetology; assessing certain costs for Office of Administrative Hearings; changing a rehabilitation or renovation grant from the Minnesota Amateur Sports Commission; changing or establishing certain fees; limiting fire sprinkler requirement in certain dwellings; modifying certain filing requirements for corporations; modifying provisions for accountants; requiring a licensee of the residential trades to give an option to install fire sprinklers; modifying debt service provision for the legislative parking garage; requiring the same room numbers on signage in the Capitol to identify legacy rooms; providing in-lieu of rent evaluation; prohibiting state funds, tax expenditures, or state indebtedness to fund a major league soccer stadium; making changes to provisions for military and veterans affairs; changing provisions covering pari-mutuel horse racing; modifying provisions for cigarette and tobacco license; providing civil penalties; requiring reports; amending Minnesota Statutes 2014, sections 3.8843, subdivision 5; 16A.065; 16A.1283; 16B.97, subdivision 1; 16B.98, subdivisions 1, 11; 16C.144; 16C.16, subdivision 2, by adding a subdivision; 16C.19; 155A.21; 155A.23, subdivision 8, by adding subdivisions; 155A.24, subdivision 2; 155A.25, subdivisions 1a, 5, by adding subdivisions; 155A.27, subdivisions 1, 2, 5a; 155A.271; 155A.29, subdivisions 1, 2, by adding a subdivision; 155A.30, subdivisions 5, 10; 161.1419, subdivision 8; 190.16, by adding a subdivision; 190.19, subdivisions 2a, 3; 192.26, by adding a subdivision; 192.38, subdivision 1; 192.501, by adding a subdivision; 197.133; 198.03, subdivisions 2, 3; 211B.37; 240.01, subdivision 22, by adding subdivisions; 240.011; 240.03; 240.08, subdivisions 2, 4, 5; 240.10; 240.13, subdivisions 5, 6; 240.135; 240.15, subdivisions 1, 6; 240.16, subdivision 1; 240.22; 240.23; 240A.09; 270C.722, subdivision 1; 270C.728, by adding a subdivision; 272.484; 297F.01, subdivision 14; 297F.03, subdivisions 5, 6; 297F.04, subdivision 1; 297F.13, subdivision 4; 297F.19, by adding a subdivision; 297F.20, by adding subdivisions; 297F.21, subdivision 1; 299F.011, by adding a subdivision; 303.19; 304A.301, subdivisions 1, 5, 6, by adding a subdivision; 326A.01, subdivisions 2, 12, 13a, 15, 16; 326A.02, subdivisions 3, 5; 326A.05, subdivisions 1, 3; 326A.08, subdivision 7; 326A.10; 326B.809; 336A.09, subdivision 1; 364.09; 461.12, subdivision 8; Laws 2013, chapter 142, article 1, section 10; Laws 2014, chapter 287, section 25; proposing coding for new law in Minnesota Statutes, chapters 3; 16B; 297F; repealing Minnesota Statutes 2014, sections 155A.23, subdivision 6; 197.131; 197.132; 240.01, subdivisions 12, 23; 297F.185.

May 18, 2015

The Honorable Sandra L. Pappas  
President of the Senate

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

We, the undersigned conferees for S.F. No. 888 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 888 be further amended as follows:

Delete everything after the enacting clause and insert:

## "ARTICLE 1

### STATE GOVERNMENT APPROPRIATIONS

Section 1. STATE GOVERNMENT 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 "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016**                      **2017**

Sec. 2. **LEGISLATURE**

Subdivision 1. **Total**  
**Appropriation**

\$                      **76,304,000**                      **82,132,000**

**Appropriations by Fund**

	<u>2016</u>	<u>2017</u>
General	76,176,000	82,004,000
Health Care Access	128,000	128,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

The appropriations in this section may be used for any purpose relating to the functions of the entities receiving the appropriations, including but not limited to member and employee compensation and expenses, supplies, payments required under lease agreements for real property, and other expenses associated with legislative sessions, interim activities, public hearings and other public outreach activities, and related activities. The Senate Committee on Rules and Administration for the Senate, the House of Representatives Committee on Rules and Legislative Administration for the House of Representatives, and the Legislative Coordinating Commission for entities under its control must each adopt a budget approving use of these appropriations for specific purposes. The budget must approve use of specific amounts for employee compensation, member compensation, rental

payments under a lease, and other categories determined by the rules committees and the Legislative Coordinating Commission. The budget must be adopted after this appropriation is enacted.

Subd. 2. <b>Senate</b>	<u>27,962,000</u>	<u>32,286,000</u>
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The base for fiscal year 2018 is \$32,299,000 and for fiscal year 2019 is \$32,105,000.

Subd. 3. <b>House of Representatives</b>	<u>31,439,000</u>	<u>32,383,000</u>
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During the biennium ending June 30, 2017, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.

Subd. 4. <b>Legislative Coordinating Commission</b>	<u>16,903,000</u>	<u>17,463,000</u>
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Appropriations by Fund

General	<u>16,775,000</u>	<u>17,335,000</u>
Health Care Access	<u>128,000</u>	<u>128,000</u>

\$6,564,000 each year from the general fund is to the Office of the Legislative Auditor. The auditor is requested to conduct a special review of the Department of Veterans Affairs financial management of Minnesota veterans homes. This review should include an examination of the department's:

(1) management of increasing compensation costs, including any projected increases in staffing levels;

(2) use of reserve funds in the special revenue fund to manage shortfalls in funding;

(3) implementation of federal Centers for Medicare and Medicaid Services certification requirements, and the ability to accurately forecast and obtain federal reimbursements;

(4) operation of the adult day care program at the Minneapolis campus; and

(5) management of facilities operating costs, including plans to address the needs of aging facilities.

\$380,000 in fiscal year 2017 is for the revisor's administrative rules system. This is a onetime appropriation.

\$297,000 the first year and \$298,000 the second year is for the Office of the Revisor of Statutes to maintain and improve information technology services.

\$35,000 in fiscal year 2016 and \$35,000 in fiscal year 2017 are to provide support to the Legislative Commission on Data Practices established under Minnesota Statutes, section 3.8843. This is a onetime appropriation.

From its funds, \$10,000 each year is for purposes of the legislators' forum, through which Minnesota legislators meet with counterparts from South Dakota, North Dakota, and Manitoba to discuss issues of mutual concern.

**Sec. 3. GOVERNOR AND LIEUTENANT GOVERNOR**

**\$ 3,615,000 \$ 3,616,000**

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) Up to \$19,000 the first year and up to \$19,000 the second year are for necessary expenses in the normal performance of the Governor's and Lieutenant Governor's duties for which no other reimbursement is provided.

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Departments and Veterans Affairs Budget Division and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the



Sec. 9. **ADMINISTRATIVE HEARINGS**                    \$            7,630,000 \$            7,633,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	380,000	383,000
<u>Workers' Compensation</u>	7,250,000	7,250,000

**Campaign Violations Hearings.** \$115,000 in fiscal year 2016 and \$115,000 in fiscal year 2017 are appropriated from the general fund for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. These amounts may be used in either year of the biennium.

\$6,000 in fiscal year 2016 and \$6,000 in fiscal year 2017 are appropriated from the general fund to the Office of Administrative Hearings for the cost of considering data practices complaints filed under Minnesota Statutes, section 13.085. These amounts may be used in either year of the biennium.

Sec. 10. **MN.IT SERVICES**                                    \$            2,526,000 \$            2,622,000

The commissioner of management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by the end of the fiscal year 2017 closing period.

During the biennium ending June 30, 2017, MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000

for the biennium, the office may charge for access fees in excess of these amounts.

Sec. 11. **ADMINISTRATION**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$ 24,397,000</u></b>	<b><u>\$ 22,346,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Government and Citizen Services</u></b>	<u>9,465,000</u>	<u>8,600,000</u>
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\$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

\$735,000 the first year and \$65,000 the second year are to conduct a disparity study required under Minnesota Statutes, section 16C.16, subdivision 5. This is a onetime appropriation.

\$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are credited to the accommodation account established in Minnesota Statutes, section 16B.4805. In fiscal year 2016, the commissioner of administration may use five percent of the appropriation for fiscal year 2016 for developing policies and procedures to implement the reimbursement program established in Minnesota Statutes, section 16B.4805, and for educating qualifying agencies about the availability of and process for receiving reimbursement for accommodation expenses.

Subd. 3. <b><u>Strategic Management Services</u></b>	<u>1,975,000</u>	<u>2,009,000</u>
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Subd. 4. <b><u>Fiscal Agent</u></b>	<u>12,957,000</u>	<u>11,737,000</u>
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The appropriations under this section are to the commissioner of administration for the purposes specified.

**In-Lieu of Rent.** \$8,158,000 the first year and \$8,158,000 the second year are for space costs of the legislature and veterans organizations, ceremonial space,

and statutorily free space. In-lieu of rent may be used for rent loss and relocation expenses related to the Capitol restoration in the fiscal year 2014-2015 biennium and fiscal year 2016-2017 biennium.

**Relocation Expenses.** \$1,380,000 the first year and \$960,000 the second year are for rent loss and relocation expenses related to the Capitol renovation project. This is a onetime appropriation.

**Public Broadcasting.** (a) \$1,550,000 the first year and \$1,550,000 the second year are for matching grants for public television.

(b) \$550,000 the first year and \$250,000 the second year are for public television equipment grants under Minnesota Statutes, section 129D.13.

(c) The commissioner of administration must consider the recommendations of the Minnesota Public Television Association before allocating the amount appropriated in paragraphs (a) and (b) for equipment or matching grants.

(d) \$592,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(e) \$167,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(f) \$560,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(g) The appropriations in paragraphs (d), (e), and (f), may not be used for indirect costs claimed by an institution or governing body. The commissioner of administration

must consider the recommendations of the Minnesota Public Educational Radio Stations before awarding grants under Minnesota Statutes, section 129D.14, using the appropriations in paragraphs (d), (e), and (f). No grantee is eligible for a grant unless they are a member of the Association of Minnesota Public Educational Radio Stations on or before July 1, 2015.

(h) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

**Sec. 12. CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD**

\$ 340,000 \$ 345,000

**Sec. 13. MINNESOTA MANAGEMENT AND BUDGET**

\$ 22,398,000 \$ 23,691,000

\$1,000,000 in fiscal year 2016 and \$2,000,000 in fiscal year 2017 are to maintain and upgrade statewide business systems, including, but not limited to, the statewide accounting system, the human resource and payroll system, the employment application system, the enterprise learning management system, the budget planning and analysis system, the fiscal note tracking system, and capital budget system.

\$121,000 the first year and \$122,000 the second year are to develop and implement a return on taxpayer investment (ROTI) methodology using the Pew-MacArthur Results First framework to evaluate corrections and human services programs administered and funded by state and county governments. The commissioner shall engage and work with staff from Pew-MacArthur Results First, and shall consult with representatives of other state agencies, counties, legislative staff, the commissioners of corrections and human services, and other commissioners of state agencies and stakeholders to implement the established methodology. The commissioner



1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

<u>Subd. 3. <b>Debt Collection Management</b></u>		<u>28,616,000</u>		<u>28,616,000</u>
<u>Sec. 15. <b>GAMBLING CONTROL</b></u>	<u>\$</u>	<u>3,260,000</u>	<u>\$</u>	<u>3,324,000</u>

These appropriations are from the lawful gambling regulation account in the special revenue fund.

<u>Sec. 16. <b>RACING COMMISSION</b></u>	<u>\$</u>	<u>1,168,000</u>	<u>\$</u>	<u>1,153,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>269,000</u>	<u>72,000</u>
<u>Special Revenue</u>	<u>899,000</u>	<u>1,081,000</u>

The general fund appropriation is for fiscal years 2016 and 2017 only.

The special revenue fund appropriations are from the racing and card playing regulation accounts. The base for the special revenue fund appropriation is \$972,000 in fiscal year 2018 and \$971,000 in fiscal year 2019.

The Racing Commission is directed to work in consultation with the racing industry to propose permanent dedicated funding changes to fully support the operations of the commission to ensure that racing is conducted in the public interest. These changes shall be reported to the Office of the Governor

and to the majority and minority leaders of the relevant finance and policy legislative committees by November 1, 2015.

Sec. 17. STATE LOTTERY

Notwithstanding Minnesota Statutes, section 349A.10, subdivision 3, the operating budget must not exceed \$31,000,000 in fiscal year 2016 and \$31,000,000 in fiscal year 2017.

Sec. 18. <u>AMATEUR SPORTS COMMISSION</u>	\$	<u>300,000</u>	\$	<u>300,000</u>
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Sec. 19. <u>COUNCIL ON BLACK MINNESOTANS</u>	\$	<u>396,000</u>	\$	<u>401,000</u>
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Sec. 20. <u>COUNCIL ON ASIAN-PACIFIC MINNESOTANS</u>	\$	<u>359,000</u>	\$	<u>364,000</u>
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Sec. 21. <u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u>	\$	<u>381,000</u>	\$	<u>386,000</u>
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Sec. 22. <u>INDIAN AFFAIRS COUNCIL</u>	\$	<u>569,000</u>	\$	<u>576,000</u>
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Sec. 23. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. <u>Total Appropriation</u>	\$	<u>22,022,000</u>	\$	<u>22,193,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Programs</u>		<u>21,576,000</u>		<u>21,822,000</u>
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Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. Fiscal Agent

(a) <u>Minnesota International Center</u>		<u>39,000</u>		<u>39,000</u>
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(b) <u>Minnesota Air National Guard Museum</u>		<u>17,000</u>		<u>17,000</u>
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(c) <u>Minnesota Military Museum</u>		<u>100,000</u>		<u>100,000</u>
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\$50,000 in fiscal year 2016 and \$50,000 in fiscal year 2017 are for an archivist position.

This is a onetime appropriation and available until June 30, 2017.

(d) Farmamerica	<u>190,000</u>	<u>115,000</u>
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\$75,000 in fiscal year 2016 is for a grant to Farmamerica, the Minnesota agriculture interpretive center, for capital improvements.

(e) Hockey Hall of Fame	<u>100,000</u>	<u>100,000</u>
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**Balances Forward.** Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 24. **BOARD OF THE ARTS**

Subdivision 1. <b><u>Total Appropriation</u></b>	<b><u>\$ 7,522,000</u></b>	<b><u>\$ 7,530,000</u></b>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <b><u>Operations and Services</u></b>	<u>583,000</u>	<u>591,000</u>
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Subd. 3. <b><u>Grants Program</u></b>	<u>4,800,000</u>	<u>4,800,000</u>
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Subd. 4. <b><u>Regional Arts Councils</u></b>	<u>2,139,000</u>	<u>2,139,000</u>
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**Unencumbered Balance Available.** Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

**Projects located in Minnesota; travel restriction.** Money appropriated in this section and distributed as grants may only be spent on projects located in Minnesota. A recipient of a grant funded by an appropriation in this section must not use more than ten percent of the total grant for costs related to travel outside the state of Minnesota.

Sec. 25. <b><u>MINNESOTA HUMANITIES CENTER</u></b>	<b><u>\$ 675,000</u></b>	<b><u>\$ 675,000</u></b>
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\$325,000 in fiscal year 2016 and \$325,000 in fiscal year 2017 are for the healthy eating, here at home program under Minnesota

Statutes, section 138.912. No more than three percent of the appropriation may be used for the nonprofit administration of the grant program under Minnesota Statutes, section 138.912.

Sec. 26. BOARD OF ACCOUNTANCY \$ 639,000 \$ 641,000

Sec. 27. BOARD OF ARCHITECTURE ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, GEOSCIENCE, AND INTERIOR DESIGN \$ 784,000 \$ 794,000

Sec. 28. BOARD OF COSMETOLOGIST EXAMINERS \$ 2,565,000 \$ 2,584,000

Sec. 29. BOARD OF BARBER EXAMINERS \$ 321,000 \$ 325,000

Sec. 30. GENERAL CONTINGENT ACCOUNTS \$ 1,000,000 \$ 500,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>500,000</u>	<u>-0-</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 31. TORT CLAIMS \$ 161,000 \$ 161,000

These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for



Sec. 35. ST. PAUL TEACHERS RETIREMENT

<u>FUND</u>	\$	<u>9,827,000</u>	\$	<u>9,827,000</u>
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The amounts estimated to be needed for special direct state aid to the first class city teachers retirement fund association authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 36. MILITARY AFFAIRS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>19,368,000</u>	\$	<u>19,368,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Maintenance of Training Facilities</u>		<u>9,661,000</u>		<u>9,661,000</u>
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Subd. 3. <u>General Support</u>		<u>2,819,000</u>		<u>2,819,000</u>
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Subd. 4. <u>Enlistment Incentives</u>		<u>6,888,000</u>		<u>6,888,000</u>
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Appropriation Availability. If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Transfer Authority. Of the funds carried forward from fiscal year 2015 to fiscal year 2016, in the enlistment incentives appropriation, \$10,000,000 in fiscal year 2016 may be transferred to the maintenance of training facilities appropriation to address significant maintenance backlog to the department's military training and community centers. This is a onetime transfer and is available until June 30, 2019.

Sec. 37. VETERANS AFFAIRS

Subdivision 1. <u>Total Appropriation</u>	\$	<u>69,106,000</u>	\$	<u>73,679,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Veterans Programs and Services**16,393,00016,461,000

\$44,000 for a transfer to the Department of Education to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552. This appropriation is available until June 30, 2017.

**Veterans Service Organizations.** \$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

**Minnesota Assistance Council for Veterans.** \$750,000 each year is for a grant to the Minnesota Assistance Council for Veterans to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including assistance with the following:

- (1) utilities;
- (2) employment; and
- (3) legal issues.

The assistance authorized under this paragraph must be made only to veterans who have resided in Minnesota for 30 days prior to application for assistance and according to other guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance is coordinated with all other available programs for veterans.

**Honor Guards.** \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231.

**Minnesota GI Bill.** \$200,000 each year is for the costs of administering the Minnesota GI Bill postsecondary educational benefits, on-the-job training, and apprenticeship program under Minnesota Statutes, section 197.791. Of this amount, \$100,000 is for transfer to the Office of Higher Education.

**Gold Star Program.** \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans.

**County Veterans Service Office.** \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

**Subd. 3. Veterans Homes**

52,713,000

57,218,000

**Veterans Homes Special Revenue Account.** The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

**Maximize Federal Reimbursements.** The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

**Sec. 38. APPROPRIATION CANCELLATIONS**

All unspent funds, estimated to be \$44,000, to implement the expedited and temporary licensing provisions of Minnesota Statutes, section 197.4552, under Laws 2014, chapter 312, article 4, section 2, subdivision 8, are canceled to the general fund on June 30, 2015.

All unspent funds, estimated to be \$150,000, from the Web site redevelopment project appropriation under Laws 2013, chapter 142, article 1, section 7, are canceled to the general fund on June 30, 2015.

## ARTICLE 2

### STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2014, section 3.8843, subdivision 5, is amended to read:

Subd. 5. **Staff.** Legislative staff must provide administrative and research assistance to the commission. The Legislative Coordinating Commission may, if funding is available, appoint staff to provide research assistance.

#### Sec. 2. [3.9735] EVALUATION OF ECONOMIC DEVELOPMENT INCENTIVE PROGRAMS.

Subdivision 1. **Definitions.** For purposes of this section, the terms defined in this section have the meanings given them.

(a) "General incentive" means a state program, statutory provision, or tax expenditure, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage businesses to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota. To be a general incentive, a state program, statutory provision, or tax expenditure must be funded by an appropriation from the general fund, and be available to multiple entities, projects, or associated projects or include eligibility criteria with the intent that it will be available to multiple entities, projects, or associated projects.

(b) "Exclusive incentive" means a state program, statutory provision, tax expenditure, or section of a general incentive, including tax credits, tax exemptions, tax deductions, grants, or loans, that is intended to encourage a single specific entity, project, or associated projects to locate, expand, invest, or remain in Minnesota or to hire or retain employees in Minnesota.

Subd. 2. **Selection of general incentives for review; schedule for evaluation; report.** Annually, the legislative auditor shall submit to the Legislative Audit Commission a list of three to five general incentives proposed for review. In selecting general incentives to include on this list, the legislative auditor may consider what the incentive will cost state and local governments in actual spending and foregone revenue currently or projected into the future, the legislature's need for information about a general incentive that has an upcoming expiration date, and the legislature's need for regular information on the results of all major general incentives. Annually, the Legislative Audit Commission will select at least one general incentive for the legislative auditor's evaluation. The legislative auditor will evaluate the selected general incentive or incentives, prepared according to the evaluation plan established under subdivision 4, and submit a written report to the Legislative Audit Commission.

Subd. 3. **Exclusive incentive schedule.** The legislative auditor's schedule shall ensure that at least once every four years the legislative auditor will complete an analysis of best practices for exclusive incentives.

Subd. 4. **Evaluation plans.** By February 1, 2016, the Legislative Audit Commission shall establish evaluation plans that identify elements that the legislative auditor must include in evaluations of a general incentive and an exclusive incentive. The Legislative Audit Commission may modify the evaluation plans as needed.

Sec. 3. **[6.481] COUNTY AUDITS.**

Subdivision 1. **Powers and duties.** All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. The state auditor may visit, without previous notice, each county and examine all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. The state auditor shall prescribe and install systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices.

Subd. 2. **Annual audit required.** A county must have an annual financial audit. A county may choose to have the audit performed by the state auditor, or may choose to have the audit performed by a CPA firm meeting the requirements of section 326A.05. The state auditor or a CPA firm may accept the records and audit of the Department of Human Services instead of examining county human service funds, if the audit of the Department of Human Services has been made within any period covered by the auditor's audit of other county records.

Subd. 3. **CPA firm audit.** A county audit performed by a CPA firm must meet the standards and be in the form required by the state auditor. The state auditor may require additional information from the CPA firm if the state auditor determines that is in the public interest, but the state auditor must accept the audit unless the state auditor determines it does not meet recognized industry auditing standards or is not in the form required by the state auditor. The state auditor may make additional examinations as the auditor determines to be in the public interest.

Subd. 4. **Audit availability; data.** A copy of the annual audit by the state auditor or by a CPA firm must be available for public inspection in the Office of the State Auditor and in the Office of the County Auditor. If an audit is performed by a CPA firm, data relating to the audit are subject to the same data classifications that apply under section 6.715. A CPA firm conducting a county audit must provide access to data relating to the audit and is liable for unlawful disclosure of the data as if it were a government entity under chapter 13.

Subd. 5. **Reporting.** If an audit conducted by the state auditor or a CPA firm discloses malfeasance, misfeasance, or nonfeasance, the auditor must report this to the county attorney, who shall institute civil and criminal proceedings as the law and the protection of the public interests requires.

Subd. 6. **Payments to state auditor.** A county audited by the state auditor must pay the state auditor for the costs and expenses of the audit. If the state auditor makes additional examinations of a county whose audit is performed by a CPA firm, the county must pay the auditor for the cost of these examinations. Payments must be deposited in the state auditor enterprise fund.

Subd. 7. **Procedures for change of auditor.** A county that plans to change to or from the state auditor and a CPA firm must notify the state auditor of this change by August 1 of an even-numbered year. Upon this notice, the following calendar year will be the first year's records that will be subject to an audit by the new entity. A county that changes to or from the state auditor must have two annual audits done by the new entity.

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

Sec. 4. Minnesota Statutes 2014, section 10.43, is amended to read:

**10.43 TELEPHONE USE; APPROVAL.**

(a) Each representative, senator, constitutional officer, judge, and head of a state department or agency shall sign the person's monthly long-distance telephone bills paid by the state as evidence of the person's approval of each bill. This signature requirement does not apply to a month in which the person's long-distance phone bill paid by the state is less than \$5.

(b) Even if the monthly long-distance phone bill paid by the state for a person subject to this section is less than \$5, the person is responsible for paying that portion of the bill that does not relate to state business. As provided in section 10.46, long-distance telephone bills paid by the state are public data, regardless of the amount of the bills.

**EFFECTIVE DATE.** This section is effective for telephone bills for usage on or after July 1, 2015.

Sec. 5. **[15.0145] ETHNIC COUNCILS.**

Subdivision 1. **Three ethnic councils; creation.** (a) The Minnesota Council on Latino Affairs includes public members with an ethnic heritage from Mexico, any of the countries in Central or South America, Cuba, the Dominican Republic, or Puerto Rico.

(b) The Council for Minnesotans of African Heritage includes public members of black African ancestry.

(c) The Council on Asian-Pacific Minnesotans includes public members with an ethnic heritage from any of the countries east of, and including, Afghanistan or the Pacific Islands.

Subd. 2. **Membership.** (a) Each council has 15 voting members. Eleven members of each council are public members appointed by the governor. Four members of each council are legislators.

(b) The governor shall appoint 11 members of each council as follows:

(1) the Minnesota Council on Latino Affairs must include one member representing each of the state's congressional districts and three members appointed at-large. The council must include at least five women. The governor must attempt to ensure that the demographic composition of council members accurately reflects the demographic composition of Minnesota's Latino community, including recent immigrants, as determined by the state demographer;

(2) the Council for Minnesotans of African Heritage must include members who are broadly representative of the African heritage community of the state. The council must include at least five women. At least three members must be first or second generation African immigrants, who generally reflect the demographic composition of these African immigrants, as determined by the state demographer; and

(3) the Council on Asian-Pacific Minnesotans must include one member from each of the five ancestries with the state's highest percentages of Asian-Pacific populations, as determined by the state demographer. The other six members must be broadly representative of the rest of the Asian-Pacific population, with no more than one council member from any one ancestry. The

council must include at least five women. For purposes of this clause, ancestry refers to heritage that is commonly accepted in Minnesota as a unique population.

(c) Four legislators are voting members of each council. The speaker of the house and the house minority leader shall each appoint one member to each council. The Subcommittee on Committees of the senate Committee on Rules and Administration shall appoint one member of the majority caucus and one member of the minority caucus to each council.

(d) The governor may appoint a commissioner of a state agency or a designee of that commissioner to serve as an ex-officio, nonvoting member of a council.

Subd. 3. **Appointments; terms; removal.** (a) In making appointments to a council, the governor shall consider an appointee's proven dedication and commitment to the council's community and any expertise possessed by the appointee that might be beneficial to the council, such as experience in public policy, legal affairs, social work, business, or management. The executive director of a council and legislative members may offer advice to the governor on applicants seeking appointment.

(b) Terms, compensation, and filling of vacancies for members appointed by the governor are as provided in section 15.059. Removal of members appointed by the governor is governed by section 15.059, except that: (1) a member who missed more than half of the council meetings convened during a 12-month period automatically is removed from the council; and (2) a member appointed by the governor may be removed by a vote of three of the four legislative members of the council. The chair of a council shall inform the governor of the need for the governor to fill a vacancy on the council. Legislative members serve at the pleasure of their appointing authority.

(c) A member appointed by the governor may serve no more than a total of eight years on a council. A legislator may serve no more than eight consecutive years or 12 nonconsecutive years on any one council.

Subd. 4. **Training; executive committee; meetings; support.** (a) A member appointed by the governor must attend orientation training within the first six months of service for each term. The commissioner of administration must arrange for the training to include but not be limited to the legislative process, government data practices, open meeting law, Robert's Rules of Order, fiscal management, and human resources. The governor must remove a member who does not complete the training.

(b) Each council shall annually elect from among the members appointed by the governor a chair and other officers it deems necessary. These officers and one legislative member selected by the council shall serve as the executive committee of the council.

(c) Forty percent of voting members of a council constitutes a quorum. A quorum is required to conduct council business. A council member may not vote on any action if the member has a conflict of interest under section 10A.07.

(d) Each council shall receive administrative support from the commissioner of administration under section 16B.371. The council may contract in its own name but may not accept or receive a loan or incur indebtedness except as otherwise provided by law. Contracts must be approved by a majority of the members of the council and executed by the chair and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the powers and duties specified in this section.

(e) The attorney general shall provide legal services to the councils on behalf of the state on all matters relating to the councils, including matters relating to the state as the employer of the executive directors of the council, and other council staff.

Subd. 5. **Executive director; staff.** (a) The Legislative Coordinating Commission must appoint an executive director for each council. The executive director must be experienced in administrative activities and familiar with the challenges and needs of the ethnic council's larger community. The executive director serves in the unclassified service at the pleasure of the Legislative Coordinating Commission.

(b) The Legislative Coordinating Commission must establish a process for recruiting and selecting applicants for the executive director positions. This process must include consultation and collaboration with the applicable council.

(c) The executive director and applicable council members must work together in fulfilling council duties. The executive director must consult with the commissioners of administration and management and budget to ensure appropriate financial, purchasing, human resources, and other services for operation of the council. The executive director must appoint and supervise the work of other staff necessary to carry out the duties of the council. The executive director and other council staff are executive branch employees.

Subd. 6. **Duties of council.** (a) A council must work for the implementation of economic, social, legal, and political equality for its constituency. The council shall work with the legislature and governor to carry out this work by performing the duties in this section.

(b) A council shall advise the governor and the legislature on issues confronting the constituency of the council. This may include, but is not limited to, presenting the results of surveys, studies, and community forums to the appropriate executive departments and legislative committees.

(c) A council shall advise the governor and the legislature of administrative and legislative changes needed to improve the economic and social condition of the constituency of the council. This may include but is not limited to working with legislators to develop legislation to address these issues and to work for passage of the legislation. This may also include making recommendations regarding the state's affirmative action program and the state's targeted group small business program, or working with state agencies and organizations to develop business opportunities and promote economic development for the constituency of the council.

(d) A council shall advise the governor and the legislature of the implications and effect of proposed administrative and legislative changes on the constituency of the council. This may include but is not limited to tracking legislation, testifying as appropriate, and meeting with executive departments and legislators.

(e) A council shall serve as a liaison between state government and organizations that serve the constituency of the council. This may include but is not limited to working with these organizations to carry out the duties in paragraphs (a) to (d), and working with these organizations to develop informational programs or publications to involve and empower the constituency in seeking improvement in their economic and social conditions.

(f) A council shall perform or contract for the performance of studies designed to suggest solutions to the problems of the constituency of the council in the areas of education, employment, human rights, health, housing, social welfare, and other related areas.

(g) In carrying out duties under this subdivision, councils may act to advise on issues that affect the shared constituencies of more than one council.

Subd. 7. **Duties of council members.** A council member shall:

- (1) attend and participate in scheduled meetings and be prepared by reviewing meeting notes;
- (2) maintain and build communication with the community represented;
- (3) collaborate with the council and executive director in carrying out the council's duties; and
- (4) participate in activities the council or executive director deem appropriate and necessary to facilitate the goals and duties of the council.

Subd. 8. **Reports.** A council must report on the measurable outcomes achieved in the council's current strategic plan to meet its statutory duties, along with the specific objectives and outcome measures proposed for the following year. The council must submit the report by January 15 each year to the chairs of the committees in the house of representatives and the senate with primary jurisdiction over state government operations. Each report must cover the calendar year of the year before the report is submitted. The specific objectives and outcome measures for the following current year must focus on three or four achievable objectives, action steps, and measurable outcomes for which the council will be held accountable. The strategic plan may include other items that support the statutory purposes of the council but should not distract from the primary statutory proposals presented. The funding request of each council, after approval by the Legislative Coordinating Commission, must also be presented by February 1 in each odd-numbered year.

Sec. 6. Minnesota Statutes 2014, section 16A.065, is amended to read:

**16A.065 PREPAY SOFTWARE, SUBSCRIPTIONS, UNITED STATES DOCUMENTS.**

Notwithstanding section 16A.41, subdivision 1, the commissioner may allow an agency to make advance deposits or payments for software or software maintenance services for state-owned or leased electronic data processing equipment, for information technology hosting services, for sole source maintenance agreements where it is not cost-effective to pay in arrears, for exhibit booth space or boat slip rental when required by the renter to guarantee the availability of space, for registration fees where advance payment is required or advance payment discount is provided, and for newspaper, magazine, and other subscription fees customarily paid for in advance. The commissioner may also allow advance deposits by any department with the Library of Congress and federal Supervisor of Documents for items to be purchased from those federal agencies.

Sec. 7. Minnesota Statutes 2014, section 16A.152, subdivision 8, is amended to read:

Subd. 8. **Report on budget reserve percentage.** (a) The commissioner of management and budget shall develop and annually review a methodology for evaluating the adequacy of the budget reserve based on the volatility of Minnesota's general fund tax structure. The review must take into consideration relevant statistical and economic literature. After completing the review, the commissioner may revise the methodology if necessary. The commissioner must use the methodology to annually estimate the percentage of the current biennium's general fund nondedicated revenues recommended as a budget reserve.

(b) By January 15 September 30 of each year, the commissioner shall report the percentage of the current biennium's general fund nondedicated revenue that is recommended as a budget reserve

to the chairs and ranking minority members of the ~~legislative committees with jurisdiction over the Department of Management and Budget~~ senate committee on finance, the house of representatives committee on ways and means, and the senate and house of representatives committees on taxes. The report must also specify:

(1) whether the commissioner revised the recommendation as a result of significant changes in the mix of general fund taxes or the base of one or more general fund taxes;

(2) whether the commissioner revised the recommendation as a result of a revision to the methodology; and

(3) any additional appropriate information.

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

**Sec. 8. [16B.4805] ACCOMMODATION REIMBURSEMENT.**

Subdivision 1. **Definitions.** "Reasonable accommodation" as used in this section has the meaning given in section 363A.08. "State agency" as used in this section has the meaning given in section 16A.011, subdivision 12. "Reasonable accommodations eligible for reimbursement" means:

(1) reasonable accommodations provided to applicants for employment;

(2) reasonable accommodations for employees for services that will need to be provided on a periodic or ongoing basis; or

(3) reasonable accommodations that involve onetime expenses that total more than \$1,000 for an employee in a fiscal year.

Subd. 2. **Reimbursement for making reasonable accommodation.** The commissioner of administration shall reimburse state agencies for expenses incurred in making reasonable accommodations eligible for reimbursement for agency employees and applicants for employment to the extent that funds are available in the accommodation account established under subdivision 3 for this purpose.

Subd. 3. **Accommodation account established.** The accommodation account is created as an account in the special revenue fund for reimbursing state agencies for expenses incurred in providing reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment.

Subd. 4. **Administration costs.** The commissioner may use up to 15 percent of the biennial appropriation for administration of this section.

Subd. 5. **Notification.** By August 1, 2015, or within 30 days of final enactment, whichever is later, and each year thereafter by June 30, the commissioner of administration must notify state agencies that reimbursement for expenses incurred to make reasonable accommodation eligible for reimbursement for agency employees and applicants for agency employment is available under this section.

Subd. 6. **Report.** By January 31 of each year, the commissioner of administration must report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over state government finance on the use of the central accommodation account during the prior calendar year. The report must include:

- (1) the number and type of accommodations requested;
- (2) the cost of accommodations requested;
- (3) the state agencies from which the requests were made;
- (4) the number of requests made for employees and the number of requests for applicants for employment;
- (5) the number and type of accommodations that were not provided;
- (6) any remaining balance left in the account;
- (7) if the account was depleted, the date on which funds were exhausted and the number, type, and cost of accommodations that were not reimbursed to state agencies; and
- (8) a description of how the account was promoted to state agencies.

**EFFECTIVE DATE.** This section is effective July 1, 2015. Reimbursement is available for accommodation expenses incurred after June 30, 2015.

Sec. 9. Minnesota Statutes 2014, section 16B.97, subdivision 1, is amended to read:

Subdivision 1. **Grant agreement.** (a) A grant agreement is a written instrument or electronic document defining a legal relationship between a granting agency and a grantee when the principal purpose of the relationship is to transfer cash or something of value to the recipient to support a public purpose authorized by law instead of acquiring by professional or technical contract, purchase, lease, or barter property or services for the direct benefit or use of the granting agency.

(b) This section does not apply to general obligation grants as defined by section 16A.695 and capital project grants to political subdivisions as defined by section 16A.86.

Sec. 10. Minnesota Statutes 2014, section 16B.98, subdivision 1, is amended to read:

Subdivision 1. **Limitation.** (a) As a condition of receiving a grant from an appropriation of state funds, the recipient of the grant must agree to minimize administrative costs. The granting agency is responsible for negotiating appropriate limits to these costs so that the state derives the optimum benefit for grant funding.

(b) This section does not apply to general obligation grants as defined by section 16A.695 and also capital project grants to political subdivisions as defined by section 16A.86.

Sec. 11. Minnesota Statutes 2014, section 16B.98, subdivision 11, is amended to read:

Subd. 11. **Encumbrance exception.** Notwithstanding subdivision 5, paragraph (a), clause (2), or section 16C.05, subdivision 2, paragraph (a), clause (3), agencies may permit a specifically named, legislatively appropriated, noncompetitive grant recipient to incur eligible expenses based on an agreed upon work plan and budget for up to 60 days prior to an encumbrance being established in the accounting system. ~~For a grant funded in whole or in part with state general obligation bond proceeds, an agency may permit incurring of expenses under this subdivision only with prior approval of the commissioner of management and budget.~~

Sec. 12. Minnesota Statutes 2014, section 16C.144, is amended to read:

**16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.**

Subdivision 1. **Definitions.** The following definitions apply to this section.

(a) "Utility" means electricity, natural gas, or other energy resource, water, and wastewater.

(b) "Utility cost savings" means the difference between the utility costs after installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline utility costs after baseline adjustments have been made.

(c) "Baseline" means the preagreement utilities, operations, and maintenance costs.

(d) "Utility cost-savings measure" means a measure that produces utility cost savings or operation and maintenance cost savings.

(e) "Operation and maintenance cost savings" means a measurable difference between operation and maintenance costs after the installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline operation and maintenance costs after inflation adjustments have been made. Operation and maintenance costs savings shall not include savings from in-house staff labor.

(f) "Guaranteed energy-savings agreement" means an agreement for the installation of one or more utility cost-savings measures that includes the qualified provider's guarantee as required under subdivision 2.

(g) "Baseline adjustments" means adjusting the utility cost-savings baselines annually for changes in the following variables:

- (1) utility rates;
- (2) number of days in the utility billing cycle;
- (3) square footage of the facility;
- (4) operational schedule of the facility;
- (5) facility temperature set points;
- (6) weather; and
- (7) amount of equipment or lighting utilized in the facility.

(h) "Inflation adjustment" means adjusting the operation and maintenance cost-savings baseline annually for inflation.

(i) ~~"Lease purchase agreement Project financing" means an agreement~~ any type of financing including but not limited to lease, lease purchase, installment agreements, or bonds issued by an entity, other than the state, with authority to issue bonds, obligating the state to make regular lease payments to satisfy the lease costs of the utility cost-savings measures until the final payment, after which time the utility cost-savings measures become the sole property of the state of Minnesota.

(j) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

(k) "Engineering report" means a report prepared by a professional engineer licensed by the state of Minnesota summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, and estimates of the amounts by which utility and operation and maintenance costs will be reduced.

(l) "Capital cost avoidance" means money expended by a state agency to pay for utility cost-savings measures with a guaranteed savings agreement so long as the measures that are being implemented to achieve the utility, operation, and maintenance cost savings are a significant portion of an overall project as determined by the commissioner.

(m) "Guaranteed energy-savings program guidelines" means policies, procedures, and requirements of guaranteed savings agreements established by the Department of Administration.

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed 25 years from the date of final installation;

(4) the commissioner finds that the amount it the state would spend, less the amount contributed for capital cost avoidance, on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under ~~a lease purchase agreement~~ the project financing. The qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Subd. 3. ~~Lease purchase agreement~~ **Project financing.** The commissioner may enter into ~~a lease purchase agreement~~ project financing with any party for the implementation of utility cost-savings measures in accordance with the guaranteed energy-savings agreement. ~~The implementation costs of the utility cost-savings measures recommended in the engineering report shall not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease purchase agreement.~~ The term of the ~~lease purchase agreement~~ project financing shall not exceed 25 years from the date of final installation. ~~The lease~~ project financing is assignable in accordance with terms approved by the commissioner of management and budget.

Subd. 4. **Use of capital cost avoidance.** The affected state agency may contribute funds for capital cost avoidance for guaranteed energy-savings agreements. Use of capital cost avoidance

is subject to the guaranteed energy-savings program guidelines within the Department of Administration.

Subd. 5. **Independent report.** For each guaranteed energy-savings agreement entered into, the commissioner of administration shall contract with an independent third party to evaluate the cost-effectiveness of each utility cost-savings measure implemented to ensure that such measures were the least-cost measures available. For the purposes of this section, "independent third party" means an entity not affiliated with the qualified provider, that is not involved in creating or providing conservation project services to that provider, and that has expertise (or access to expertise) in energy-savings practices.

Sec. 13. Minnesota Statutes 2014, section 16C.16, subdivision 2, is amended to read:

Subd. 2. **Small business.** The commissioner shall adopt ~~rules defining the size standards for~~ "small business" ~~found in Code of Federal Relations, title 49, section 26.65, for purposes of sections 16C.16 to 16C.21, 137.31, 137.35, 161.321, and 473.142. The definition must include only businesses with their,~~ provided that the business has its principal place of business in Minnesota. ~~The definition must establish different size standards for various types of businesses. In establishing these standards, the commissioner must consider the differences among industries caused by the size of the market for goods or services and the relative size and market share of the competitors operating in those markets.~~

Sec. 14. Minnesota Statutes 2014, section 16C.16, subdivision 6a, is amended to read:

Subd. 6a. **Veteran-owned small businesses.** (a) Except when mandated by the federal government as a condition of receiving federal funds, the commissioner shall award up to a six percent preference, but no less than the percentage awarded to any other group under this section, in the amount bid on state procurement to certified small businesses that are majority-owned and operated by veterans.

(b) The purpose of this designation is to facilitate the transition of veterans from military to civilian life, and to help compensate veterans for their sacrifices, including but not limited to their sacrifice of health and time, to the state and nation during their military service, as well as to enhance economic development within Minnesota.

(c) Before the commissioner certifies that a small business is majority-owned and operated by a veteran, the commissioner of veterans affairs must verify that the owner of the small business is a veteran, as defined in section 197.447.

Sec. 15. Minnesota Statutes 2014, section 16C.16, is amended by adding a subdivision to read:

Subd. 13. **State-funded projects.** (a) Notwithstanding section 16C.001, this subdivision applies to contracts for state-funded capital improvement projects in excess of \$100,000 that are issued by organizations not subject to the small business requirements of this section, including municipalities as defined in section 466.01, subdivision 1.

(b) Organizations administering contracts described in paragraph (a) shall promote the use of targeted group businesses designated under this section and take steps to remove barriers to equitable participation of targeted group businesses.

(c) Organizations shall cooperate with the commissioner's efforts to monitor and measure compliance with this subdivision in the performance of state-funded contracts.

Sec. 16. Minnesota Statutes 2014, section 16C.19, is amended to read:

**16C.19 ELIGIBILITY; RULES.**

(a) A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner. The commissioner shall adopt by rule standards and procedures for certifying that small targeted group businesses, small businesses located in economically disadvantaged areas, and veteran-owned small businesses are eligible to participate under the requirements of sections 16C.16 to 16C.21. The commissioner shall adopt by rule standards and procedures for hearing appeals and grievances and other rules necessary to carry out the duties set forth in sections 16C.16 to 16C.21.

(b) The commissioner may make rules which exclude or limit the participation of nonmanufacturing business, including third-party lessors, brokers, franchises, jobbers, manufacturers' representatives, and others from eligibility under sections 16C.16 to 16C.21.

(c) The commissioner may make rules that set time limits and other eligibility limits on business participation in programs under sections 16C.16 to 16C.21.

(d) Notwithstanding paragraph ~~(c)~~ (a), for purposes of sections 16C.16 to 16C.21, a veteran-owned small business, the principal place of business of which is in Minnesota, is certified if:

(1) it has been verified by the United States Department of Veterans Affairs as being either a veteran-owned small business or a service-disabled veteran-owned small business, in accordance with Public Law 109-461 and Code of Federal Regulations, title 38, part 74; or

(2) the veteran-owned small business supplies the commissioner with proof that the small business is majority-owned and operated by:

(i) a veteran as defined in section 197.447; or

(ii) a veteran with a service-connected disability, as determined at any time by the United States Department of Veterans Affairs.

(e) Until rules are adopted pursuant to paragraph (a) for the purpose of certifying veteran-owned small businesses, the provisions of Minnesota Rules, part 1230.1700, may be read to include veteran-owned small businesses. In addition to the documentation required in Minnesota Rules, part 1230.1700, the veteran owner must have been discharged under honorable conditions from active service, as indicated by the veteran owner's most current United States Department of Defense form DD-214.

(f) Notwithstanding paragraph (a), for purposes of sections 16C.16 to 16C.21, a minority- or woman-owned small business, the principal place of business of which is in Minnesota, is certified if it has been certified by the Minnesota unified certification program under the provisions of Code of Federal Regulations, title 49, part 26.

(g) The commissioner may adopt rules to implement the programs under section 16C.16, subdivisions 4 to 7, using the expedited rulemaking process in section 14.389.

Sec. 17. [138.912] HEALTHY EATING, HERE AT HOME.

Subdivision 1. **Establishment.** The healthy eating, here at home program is established to provide incentives for low-income Minnesotans to use federal Supplemental Nutrition Assistance Program (SNAP) benefits for healthy purchases at Minnesota-based farmers' markets.

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Healthy eating, here at home" means a program administered by the Minnesota Humanities Center to provide incentives for low-income Minnesotans to use SNAP benefits for healthy purchases at Minnesota-based farmers' markets.

(c) "Healthy purchases" means SNAP-eligible foods.

(d) "Minnesota-based farmers' market" means a physical market as defined in section 28A.151, subdivision 1, paragraph (b), and also includes mobile markets.

(e) "Voucher" means a physical or electronic credit.

(f) "Eligible household" means an individual or family that is determined to be a recipient of SNAP.

Subd. 3. **Grants.** The Minnesota Humanities Center shall allocate grant funds to nonprofit organizations that work with Minnesota-based farmers' markets to provide up to \$10 vouchers to SNAP participants who use electronic benefits transfer (EBT) cards for healthy purchases. Funds may also be provided for vouchers distributed through nonprofit organizations engaged in healthy cooking and food education outreach to eligible households for use at farmers' markets. Funds appropriated under this section may not be used for healthy cooking classes or food education outreach. When awarding grants, the Minnesota Humanities Center must consider how the nonprofit organizations will achieve geographic balance, including specific efforts to reach eligible households across the state, and the organizations' capacity to manage the programming and outreach.

Subd. 4. **Household eligibility; participation.** To be eligible for a healthy eating, here at home voucher, an eligible household must meet the Minnesota SNAP eligibility requirements under section 256D.051.

Subd. 5. **Permissible uses; information provided.** An eligible household may use the voucher toward healthy purchases at Minnesota-based farmers' markets. Every eligible household that receives a voucher must be informed of the allowable uses of the voucher.

Subd. 6. **Program reporting.** The nonprofit organizations that receive grant funds must report annually to the Minnesota Humanities Center with information regarding the operation of the program, including the number of vouchers issued and the number of people served. To the extent practicable, the nonprofit organizations must report on the usage of the vouchers and evaluate the program's effectiveness.

Subd. 7. **Grocery inclusion.** The commissioner of human services must submit a waiver request to the federal United States Department of Agriculture seeking approval for the inclusion of Minnesota grocery stores in this program so that SNAP participants may use the vouchers for healthy produce at grocery stores. Grocery store participation is voluntary and a grocery store's associated administrative costs will not be reimbursed.

Sec. 18. Minnesota Statutes 2014, section 148.57, is amended by adding a subdivision to read:

**Subd. 5. Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

- (1) an active duty military member;
- (2) the spouse of an active duty military member; or
- (3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

- (1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and
- (2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed optometrist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in section 148.57, subdivisions 1 and 2.

Sec. 19. Minnesota Statutes 2014, section 148.624, subdivision 5, is amended to read:

**Subd. 5. Expedited and temporary licensing for former and current members of the military permit.** The board shall issue a temporary permit to members of the military in accordance with section 197.4552. (a) Applicants seeking licensure according to this subdivision must be:

- (1) an active duty military member;
- (2) the spouse of an active duty military member; or
- (3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

- (1) a current valid license in another state without history of disciplinary action by a regulatory authority in the other state; and
- (2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed dietitian or nutritionist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the full licensure requirements.

(f) The fee for the temporary permit license is \$250.

Sec. 20. Minnesota Statutes 2014, section 148B.33, is amended by adding a subdivision to read:

**Subd. 3. Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for six months from the initial temporary licensure date.

(d) During the temporary license period, the individual shall complete the licensed marriage and family therapist application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 1 and 2.

Sec. 21. Minnesota Statutes 2014, section 148B.53, is amended by adding a subdivision to read:

**Subd. 1a. Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for one year from the initial licensure date.

(d) During the temporary license period, the individual shall complete the licensed professional counselor application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivision 1, paragraphs (a) and (b).

Sec. 22. Minnesota Statutes 2014, section 148B.5301, is amended by adding a subdivision to read:

**Subd. 4a. Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under paragraph (a) must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) A temporary license issued under this subdivision is effective for one year from the initial licensure date.

(d) During the temporary license period, the individual shall complete the licensed professional clinical counselor application for licensure.

(e) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 1 and 2.

Sec. 23. Minnesota Statutes 2014, section 148F.025, is amended by adding a subdivision to read:

**Subd. 5. Expedited and temporary licensing for former and current members of the military.** (a) Applicants seeking licensure according to this subdivision must be:

(1) an active duty military member;

(2) the spouse of an active duty military member; or

(3) a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) Applicants are required to comply with subdivisions 1 and 4.

(c) A qualified applicant under paragraph (a) must provide evidence of:

(1) a current valid license, certificate, or permit in another state without history of disciplinary action by a regulatory authority in the other state; and

(2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(d) A temporary license issued under this subdivision is effective for two years from the initial licensure date.

(e) During the temporary license period, the individual shall complete the application for licensure required in subdivision 1.

(f) In order to remain licensed after the expiration of the temporary license, an individual must meet the requirements in subdivisions 2 and 3.

Sec. 24. Minnesota Statutes 2014, section 153.16, subdivision 1, is amended to read:

Subdivision 1. **License requirements.** The board shall issue a license to practice podiatric medicine to a person who meets the following requirements:

(a) The applicant for a license shall file a written notarized application on forms provided by the board, showing to the board's satisfaction that the applicant is of good moral character and satisfies the requirements of this section.

(b) The applicant shall present evidence satisfactory to the board of being a graduate of a podiatric medical school approved by the board based upon its faculty, curriculum, facilities, accreditation by a recognized national accrediting organization approved by the board, and other relevant factors.

(c) The applicant must have received a passing score on each part of the national board examinations, parts one and two, prepared and graded by the National Board of Podiatric Medical Examiners. The passing score for each part of the national board examinations, parts one and two, is as defined by the National Board of Podiatric Medical Examiners.

(d) Applicants graduating after 1986 from a podiatric medical school shall present evidence of successful completion of a residency program approved by a national accrediting podiatric medicine organization.

(e) The applicant shall appear in person before the board or its designated representative to show that the applicant satisfies the requirements of this section, including knowledge of laws, rules, and ethics pertaining to the practice of podiatric medicine. The board may establish as internal operating procedures the procedures or requirements for the applicant's personal presentation. Upon completion of all other application requirements, a doctor of podiatric medicine applying for a temporary military license has six months in which to comply with this subdivision.

(f) The applicant shall pay a fee established by the board by rule. The fee shall not be refunded.

(g) The applicant must not have engaged in conduct warranting disciplinary action against a licensee. If the applicant does not satisfy the requirements of this paragraph, the board may refuse to issue a license unless it determines that the public will be protected through issuance of a license with conditions and limitations the board considers appropriate.

(h) Upon payment of a fee as the board may require, an applicant who fails to pass an examination and is refused a license is entitled to reexamination within one year of the board's refusal to issue the license. No more than two reexaminations are allowed without a new application for a license.

Sec. 25. Minnesota Statutes 2014, section 153.16, subdivision 4, is amended to read:

Subd. 4. **Temporary military permit license.** ~~The board shall establish a temporary permit in accordance with section 197.4552. The fee for the temporary military permit is \$250.~~ (a) The board shall issue an expedited license to practice podiatric medicine to an applicant who meets the following requirements:

- (1) is an active duty military member;
- (2) is the spouse of an active duty military member; or
- (3) is a veteran who has left service in the two years preceding the date of license application, and has confirmation of an honorable or general discharge status.

(b) A qualified applicant under this subdivision must provide evidence of:

- (1) a current, valid license in another state without history of disciplinary action by a regulatory authority in the other state; and
- (2) a current criminal background study without a criminal conviction that is determined by the board to adversely affect the applicant's ability to become licensed.

(c) The board shall issue a license for up to six months to a doctor of podiatric medicine eligible for licensure under this subdivision. Doctors of podiatric medicine licensed in another state who have complied with all other requirements may receive a temporary license valid for up to six months. No extension is available.

(d) A temporary license issued under this subdivision permits a qualified individual to perform podiatric medicine for a limited length of time as determined by the licensing board. During the temporary license period, the individual shall complete the full application procedure and be approved as required by applicable law.

(e) The fee for the temporary military license is \$250.

Sec. 26. Minnesota Statutes 2014, section 154.003, is amended to read:

**154.003 FEES.**

(a) The fees collected, as required in this chapter, chapter 214, and the rules of the board, shall be paid to the board. The board shall deposit the fees in the general fund in the state treasury.

(b) The board shall charge the following fees:

- (1) examination and certificate, registered barber, \$85;
- (2) retake of written examination, registered barber, \$10;
- (3) examination and certificate, apprentice, \$80;
- (4) retake of written examination, apprentice, \$10;
- (5) examination, instructor, \$180;
- (6) certificate, instructor, \$65;
- (7) temporary teacher or apprentice permit, \$80;

- (8) temporary registered barber, military, \$85;
- (9) temporary barber instructor, military, \$180;
- (10) temporary apprentice barber, military, \$80;
- (11) renewal of registration, registered barber, \$80;
- (9) (12) renewal of registration, apprentice, \$70;
- (10) (13) renewal of registration, instructor, \$80;
- (11) (14) renewal of temporary teacher permit, \$65;
- (12) (15) student permit, \$45;
- (13) (16) renewal of student permit, \$25;
- (14) (17) initial shop registration, \$85;
- (15) (18) initial school registration, \$1,030;
- (16) (19) renewal shop registration, \$85;
- (17) (20) renewal school registration, \$280;
- (18) (21) restoration of registered barber registration, \$95;
- (19) (22) restoration of apprentice registration, \$90;
- (20) (23) restoration of shop registration, \$105;
- (21) (24) change of ownership or location, \$55;
- (22) (25) duplicate registration, \$40;
- (23) (26) home study course, \$75;
- (24) (27) letter of registration verification, \$25; and
- (25) (28) reinspection, \$100.

Sec. 27. Minnesota Statutes 2014, section 154.11, subdivision 3, is amended to read:

Subd. 3. **Temporary military license permits.** (a) In accordance with section 197.4552, the board shall establish issue a temporary license:

(1) permit for apprentice barbers and master;

(2) certificate for registered barbers; and a temporary permit for apprentices in accordance with section 197.4552. The fee for a temporary license under this subdivision for a master barber is \$85. The fee for a temporary license under this subdivision for a barber is \$180. The fee for a temporary permit under this subdivision for an apprentice is \$80.

(3) certificate for registered barber instructors.

(b) Fees for temporary military permits and certificates of registration under this subdivision are listed under section 154.003.

(c) Permits or certificates of registration issued under this subdivision are valid for one year from the date of issuance, after which the individual must complete a full application as required by section 197.4552.

Sec. 28. Minnesota Statutes 2014, section 155A.21, is amended to read:

**155A.21 POLICY.**

The legislature finds that the health and safety of the people of the state are served by the licensing of the practice of cosmetology because of infection control and the use of chemicals, implements, apparatus, and other appliances requiring special skills and education.

To this end, the public will best be served by vesting these responsibilities in the Board of Cosmetologist Examiners.

Sec. 29. Minnesota Statutes 2014, section 155A.23, subdivision 8, is amended to read:

Subd. 8. **Manager.** A "manager" is any person who ~~conducts, operates, or manages a cosmetology school or salon and who also instructs in or is a cosmetologist, esthetician, advanced practice esthetician, or nail technician practitioner, and who has a manager license and provides any services under that license, as defined in subdivision 3. A school manager must maintain an active salon manager's license.~~

Sec. 30. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 8a. **Mobile salon.** A "mobile salon" is a salon that is operated in a mobile vehicle or mobile structure for exclusive use to offer personal services, as defined in subdivision 3.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 31. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 14. **Advanced practice esthetician.** An "advanced practice esthetician" is a person who for compensation performs personal services for the cosmetic care of the skin, including the use of mechanical or electrical skin care apparatuses or appliances that are used on the epidermal layer of the skin.

**EFFECTIVE DATE.** This section is effective August 1, 2015, except that a license for an advanced practice esthetician must not be issued prior to January 1, 2018.

Sec. 32. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 15. **Designated licensed salon manager.** A "designated licensed salon manager" is a manager designated by a salon owner and registered with the board, who is responsible with the salon owner for salon and practitioner compliance.

Sec. 33. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 16. **School manager.** A "school manager" is a cosmetologist who is a salon manager and who has a school manager license. A school manager must maintain an active salon manager's license.

Sec. 34. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 17. **Designated school manager.** A "designated school manager" is a school manager who is designated by the school owner and registered with the board, who is responsible with the school owner for school and instructor compliance.

Sec. 35. Minnesota Statutes 2014, section 155A.23, is amended by adding a subdivision to read:

Subd. 18. **Practitioner.** A "practitioner" is any person licensed in the practice of cosmetology, esthiology, or nail technology services.

Sec. 36. Minnesota Statutes 2014, section 155A.24, subdivision 2, is amended to read:

Subd. 2. **Hiring and assignment of employees.** The board has the authority to hire qualified personnel in the classified service to assist in administering the law, including those for the testing and licensing of applicants and the continuing inspections required. All staff must receive periodic training to improve and maintain customer service skills, conducting inspections, and complaint investigations.

Sec. 37. Minnesota Statutes 2014, section 155A.25, subdivision 1a, is amended to read:

Subd. 1a. **Schedule.** (a) The fee schedule for licensees fees and penalties is as follows: provided in this subdivision.

(a) (b) Three-year license fees are as follows:

(1) ~~cosmetologist, nail technician, or esthetician~~ \$195 initial practitioner, manager, or instructor license, divided as follows:

(i) ~~\$90~~ \$155 for each initial license and a \$40 nonrefundable initial license application fee, for a total of \$130; and

(ii) ~~\$60 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$75~~ \$40 for each initial license application fee;

(2) ~~instructor or manager~~ \$115 renewal of practitioner license, divided as follows:

(i) ~~\$120~~ \$100 for each initial renewal license and a \$40 nonrefundable initial license application fee, for a total of \$160; and

(ii) ~~\$90~~ \$15 for each renewal and a \$15 nonrefundable renewal application fee, for a total of \$105;

(3) \$145 renewal of manager or instructor license, divided as follows:

(i) \$130 for each renewal license; and

(ii) \$15 for each renewal application fee;

(4) \$350 initial salon license, divided as follows:

(i) ~~\$130~~ \$250 for each initial license and a \$100 nonrefundable initial license application fee, for a total of \$230; and

(ii) \$100 for each renewal and a \$50 nonrefundable renewal initial license application fee, for a total of \$150; and

(4) school (5) \$225 renewal of salon license, divided as follows:

~~(i) \$1,500~~ \$175 for each initial license and a ~~\$1,000 nonrefundable initial license application fee, for a total of \$2,500~~ renewal; and

~~(ii) \$1,500~~ \$50 for each renewal and a ~~\$500 nonrefundable renewal application fee, for a total of \$2,000;~~

(6) \$4,000 initial school license, divided as follows:

(i) \$3,000 for each initial license; and

(ii) \$1,000 for each initial license application fee; and

(7) \$2,500 renewal of school license, divided as follows:

(i) \$2,000 for each renewal; and

(ii) \$500 for each renewal application fee.

~~(b)~~ (c) Penalties may be assessed in amounts up to the following:

(1) reinspection fee, ~~variable~~ \$150;

(2) manager and owner with lapsed practitioner found on inspection, \$150 each;

(3) lapsed practitioner or instructor found on inspection, \$200;

(4) lapsed salon found on inspection, \$500;

(5) lapsed school found on inspection, \$1,000;

(6) failure to display current license, \$100;

(7) failure to dispose of single-use equipment, implements, or materials as provided under section 155A.355, subdivision 1, \$500;

(8) use of prohibited razor-type callus shavers, rasps, or graters under section 155A.355, subdivision 2, \$500;

(9) performing nail or cosmetology services in esthetician salon, or performing esthetician or cosmetology services in a nail salon, \$500;

(10) owner and manager allowing an operator to work as an independent contractor, \$200;

(11) operator working as an independent contractor, \$100;

(12) refusal or failure to cooperate with an inspection, \$500;

~~(13) expired cosmetologist, nail technician, esthetician, manager, school manager, and instructor license practitioner late renewal fee, \$45; and~~

~~(14) expired salon or school license late renewal fee, \$50.~~

~~(e)~~ (d) Administrative fees are as follows:

(1) ~~certificate of identification, \$20~~ homebound service permit, \$50 three-year fee;

(2) name change, \$20;

(3) ~~letter of license verification~~ certification of licensure, \$30 each;

- (4) duplicate license, \$20;
- (5) ~~processing fee, \$10;~~
- (6) special event permit, \$75 per year; ~~and~~
- (7) ~~(6)~~ registration of hair braiders, \$20 per year;
- (7) \$100 for each temporary military license for a cosmetologist, nail technician, esthetician, or advanced practice esthetician one-year fee;
- (8) expedited initial individual license, \$150;
- (9) expedited initial salon license, \$300;
- (10) instructor continuing education provider approval, \$150 each year; and
- (11) practitioner continuing education provider approval, \$150 each year.

Sec. 38. Minnesota Statutes 2014, section 155A.25, subdivision 5, is amended to read:

Subd. 5. **Board must approve or deny application; timeline.** Within 15 working days of receiving a complete application and the required fees for an initial or renewal to apply for or renew an individual or salon license that is not an expedited license or a military license, the board must (1) either grant or deny the application issue the license, (2) issue deny the license or and notify the applicant of the denial, or (3) issue a temporary license to an applicant for whom no record exists regarding: (i) a complaint filed with the board against the applicant; or (ii) a negative action by the board against the applicant if the conditions in subdivision 6 are met, notify the applicant that the board must conduct additional review.

Sec. 39. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 6. **Additional review for certain licenses.** If an application contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will comply with the time limits prescribed in section 15.992 to process the application.

Sec. 40. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 7. **Temporary military license or expedited license.** Within five business days of receiving a completed application and the required fees for an individual or salon license that meets requirements for an expedited license or a temporary military license, the board must (1) issue the license, (2) deny the license and notify the applicant of the denial, or (3) notify the applicant that the board must conduct additional review if the application meets the conditions in subdivision 8.

**EFFECTIVE DATE.** This section is effective August 1, 2015, except that an expedited license must not be issued prior to January 1, 2016.

Sec. 41. Minnesota Statutes 2014, section 155A.25, is amended by adding a subdivision to read:

Subd. 8. **Additional review for certain temporary military license or expedited license.** If an application under subdivision 7 contains discrepancies, the applicant is the subject of a complaint investigation, or the applicant has pending disciplinary actions before the board, the board will process the application according to the time limits in section 15.992.

Sec. 42. Minnesota Statutes 2014, section 155A.27, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Individual licensing shall be required for persons seeking~~ A person must hold an individual license to practice in the state as a cosmetologist, esthetician, nail technician, advanced practice esthetician, manager, or instructor.

Sec. 43. Minnesota Statutes 2014, section 155A.27, subdivision 2, is amended to read:

Subd. 2. **Qualifications.** Qualifications for licensing in each classification shall be determined by the board and established by rule, and shall include educational and experiential prerequisites. The rules shall require a demonstrated knowledge of procedures necessary to protect the health and safety of the practitioner and the consumer of cosmetology services, including but not limited to chemical applications infection control, use of implements, apparatuses and other appliances, and the use of chemicals.

Sec. 44. Minnesota Statutes 2014, section 155A.27, subdivision 5a, is amended to read:

Subd. 5a. **Temporary military license.** The board shall establish temporary licenses for a cosmetologist, nail technician, and esthetician in accordance with section 197.4552. ~~The fee for a temporary license under this subdivision for a cosmetologist, nail technician, or esthetician is \$100.~~

Sec. 45. Minnesota Statutes 2014, section 155A.271, is amended to read:

#### **155A.271 CONTINUING EDUCATION REQUIREMENTS.**

Subdivision 1. **Continuing education requirements.** (a) Effective August 1, 2014, to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must attest to the completion of four hours of continuing education credits from an accredited school or a professional association of cosmetology during the three years prior to the applicant's renewal date. One credit hour of the requirement must include instruction pertaining to state laws and rules governing the practice of cosmetology. Three credit hours must include instruction pertaining to health, safety, and sanitation matters consistent with the United States Department of Labor's Occupational Safety and Health Administration standards applicable to the practice of cosmetology, or other applicable federal health, sanitation, and safety standards, and must be regularly updated so as to incorporate newly developed standards and accepted professional best practices. Credit hours earned are valid for three years and may be applied simultaneously to all individual licenses held by a licensee under this chapter. ~~This subdivision does not apply to instructors or inactive licenses.~~

(b) Effective August 1, 2017, in addition to the hours of continuing education credits required under paragraph (a), to qualify for license renewal under this chapter as an individual cosmetologist, nail technician, esthetician, advanced practice esthetician, or salon manager, the applicant must also attest to the completion of one four-hour continuing education course from a continuing education provider based on any or all of the following:

- (1) product chemistry and chemistry interaction;
- (2) proper use of machines and instruments;
- (3) business management and human relations; or
- (4) techniques relevant to the type of license held.

Credits must be completed during the three years prior to the applicant's renewal date and may be applied simultaneously to other individual licenses held as applicable, except that credits completed under this paragraph must not duplicate credits completed under paragraph (a).

(c) Paragraphs (a) and (b) do not apply to an instructor license, a school manager license, or an inactive license.

Subd. 1a. **Product sales or marketing prohibited.** The marketing or sale of any product is prohibited during a continuing education class receiving credit under subdivision 1.

Subd. 2. ~~Schools and professional associations~~ **Continuing education providers.** (a) Only a board-licensed school of cosmetology, a postsecondary institution as defined in section 136A.103, paragraph (a), or a board-recognized professional association organized under chapter 317A may offer continuing education curriculum for credit under ~~this section~~ subdivision 1, paragraph (a). Continuing education curriculum under subdivision 1, paragraph (b), may be offered by a:

(1) board-licensed school of cosmetology;

(2) board-recognized professional association organized under chapter 317A; or

(3) board-licensed salon.

The school and professional association may offer online and independent study options to achieve maximum involvement of licensees ~~and is~~. Continuing education providers are encouraged to offer classes available in foreign language formats.

(b) Board ~~recognition authorization~~ of a ~~professional association~~ continuing education provider under paragraph (a) is valid for ~~three years~~ one calendar year and is contingent upon submission and preapproval of the ~~general curriculum~~ lesson plan or plans with learning objectives for the class to be offered and the payment of the application fee in section 155A.25, subdivision 1a, paragraph (d), clause (11). The board may revoke ~~recognition~~ authorization of a continuing education provider at any time for just cause and the board may demand return of documents required under subdivision 3. ~~The professional association offering continuing education must be organized under chapter 317A.~~

Subd. 3. **Proof of credits.** The ~~school or professional association~~ continuing education provider shall provide to licensees who attend a class a receipt to prove completion of the class. Licensees shall retain proof of their continuing education credits for one year beyond the credit's expiration. ~~The school or professional association~~ continuing education provider shall retain documentation of all licensees successfully completing a class and the licensee's credit hours for five years.

Subd. 4. **Audit.** The board shall conduct random audits of active licensees periodically to ensure compliance with continuing education requirements. To initiate an audit, the board shall notify an active licensee of the audit and request proof of credits earned during a specified period. The licensee must provide the requested proof to the board within 30 days of an audit notice. The board may request that a school or professional association verify a licensee's credits. ~~The school or professional association~~ continuing education provider must furnish verification, or a written statement that the credits are not verified, within 15 days of the board's request for verification. If the board determines that a licensee has failed to provide proof of necessary credits earned during the specified time, the board may revoke the individual's license and may deem the individual a lapsed practitioner subject to penalty under section 155A.25 or 155A.36.

**EFFECTIVE DATE.** Subdivision 1 is effective August 1, 2017. Subdivision 1a is effective the day following final enactment. Subdivisions 2 to 4 are effective July 1, 2015.

Sec. 46. Minnesota Statutes 2014, section 155A.29, subdivision 1, is amended to read:

Subdivision 1. **Licensing.** ~~Any A person who offers must not offer~~ cosmetology services for compensation in this state shall be (1) licensed as a salon if not employed by another licensed salon or (2) employed as an esthetician or cosmetologist in connection with medical care in relation to esthology in the office of a licensed physician unless the services are provided by a licensee in a licensed salon or as otherwise provided in this section. Each salon must be licensed as a cosmetology salon, a nail salon, esthetician salon, or advanced practice esthetician salon. A salon may hold more than one type of salon license.

Sec. 47. Minnesota Statutes 2014, section 155A.29, subdivision 2, is amended to read:

Subd. 2. **Requirements.** (a) The conditions and process by which a salon is licensed shall be established by the board by rule. In addition to those requirements, no license shall be issued unless the board first determines that the conditions in clauses (1) to (5) have been satisfied:

(1) compliance with all local and state laws, particularly relating to matters of sanitation, health, and safety;

(2) the employment of a manager, as defined in section 155A.23, subdivision 8;

(3) if applicable, evidence of compliance with workers' compensation section 176.182; and

(4) evidence of continued professional liability insurance coverage of at least \$25,000 for each claim and \$50,000 total coverage for each policy year for each operator.

(b) ~~A licensed esthetician or nail technician who complies with the health, safety, sanitation, inspection, and insurance rules promulgated by the board to operate a salon solely for the performance of those personal services defined in section 155A.23, subdivision 5, in the case of an esthetician, or subdivision 7, in the case of a nail technician.~~

Sec. 48. Minnesota Statutes 2014, section 155A.29, is amended by adding a subdivision to read:

Subd. 2a. **Requirements for mobile salon.** In addition to complying with the requirements for a salon in subdivision 2, the holder of a salon license for a mobile salon must:

(1) maintain a permanent business address; and

(2) notify the board of the locations and schedule of operation of a mobile salon.

**EFFECTIVE DATE.** This section is effective July 1, 2017.

Sec. 49. Minnesota Statutes 2014, section 155A.30, subdivision 5, is amended to read:

Subd. 5. **Conditions precedent to issuance.** A license must not be issued unless the board first determines that the applicant has met the requirements in clauses (1) to (8):

(1) the applicant must have a sound financial condition with sufficient resources available to meet the school's financial obligations; to refund all tuition and other charges, within a reasonable period of time, in the event of dissolution of the school or in the event of any justifiable claims for refund against the school; to provide adequate service to its students and prospective students; and to maintain proper use and support of the school;

(2) the applicant must have satisfactory training facilities with sufficient tools and equipment and the necessary number of work stations to adequately train the students currently enrolled, and those proposed to be enrolled;

(3) the applicant must employ a sufficient number of qualified instructors trained by experience and education to give the training contemplated;

(4) the premises and conditions under which the students work and study must be sanitary, healthful, and safe according to modern standards;

(5) each occupational course or program of instruction or study must be of such quality and content as to provide education and training ~~which~~ that will adequately prepare enrolled students for testing, licensing, and entry level positions as a cosmetologist, esthetician, or nail technician;

(6) the school must have coverage by professional liability insurance of at least \$25,000 per incident and an accumulation of \$150,000 for each premium year;

(7) the applicant shall provide evidence of the school's compliance with section 176.182;

(8) the applicant, except the state and its political subdivisions as described in section 471.617, subdivision 1, shall file with the board a continuous corporate surety bond in the amount of \$10,000, conditioned upon the faithful performance of all contracts and agreements with students made by the applicant. The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed \$10,000. The surety of the bond may cancel it upon giving 60 days' notice in writing to the board and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation; and

(9) the applicant must, at all times during the term of the license, employ a designated licensed school manager who maintains a cosmetology salon manager license.

Sec. 50. Minnesota Statutes 2014, section 155A.30, subdivision 10, is amended to read:

Subd. 10. **Discrimination prohibited.** ~~No~~ Each school, ~~duly approved under sections 155A.21 to 155A.36, shall refuse to teach any student, otherwise qualified, on account of race, sex, creed, color, citizenship, national origin, or sexual preference~~ must comply with the Minnesota Human Rights Act under chapter 363A.

Sec. 51. Minnesota Statutes 2014, section 161.1419, subdivision 8, is amended to read:

Subd. 8. **Expiration.** The commission expires on June 30, ~~2016~~ 2020.

Sec. 52. Minnesota Statutes 2014, section 211B.37, is amended to read:

**211B.37 COSTS ASSESSED.**

Except as otherwise provided in section 211B.36, subdivision 3, the chief administrative law judge shall assess the cost of considering complaints filed under section 211B.32 as provided in this section. Costs of complaints relating to a statewide ballot question or an election for a statewide or legislative office must be assessed ~~against the appropriation from the general fund to the general account of the state elections campaign account in section 10A.31, subdivision 4~~ paid from appropriations to the Office of Administrative Hearings for this purpose. Costs of complaints

relating to any other ballot question or elective office must be paid from appropriations to the office for this purpose.

Sec. 53. Minnesota Statutes 2014, section 272.484, is amended to read:

**272.484 FEES.**

The fee for filing and indexing each notice of lien or certificate or notice affecting the lien is:

(1) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the secretary of state, the fee provided by section 336.9-525, except that the filing fee charged to the district directors of internal revenue for filing a federal tax lien is \$15 ~~for up to two debtor names and \$15 for each additional name;~~ and

(2) for a lien, certificate of discharge or subordination, and for all other notices, including a certificate of release or nonattachment filed with the county recorder, the fee for filing a real estate mortgage in the county where filed.

The officer shall bill the district directors of internal revenue or other appropriate federal officials on a monthly basis for fees for documents filed by them.

Sec. 54. Minnesota Statutes 2014, section 303.19, is amended to read:

**303.19 REINSTATEMENT.**

Subdivision 1. **Application Required filing.** Any foreign corporation whose certificate of authority to do business in this state shall have been revoked or canceled may ~~file~~ reinstatement that authority by filing an annual renewal and the fee required by subdivision 2 with the secretary of state an application for reinstatement. Such application shall be on forms prescribed by the secretary of state, shall contain all the matters required to be set forth in an original application for a certificate of authority, and such other pertinent information as may be required by the secretary of state. If any of the information in the original application for authority has changed, the foreign corporation must also file an amended certificate setting forth the currently accurate information, with the fee required by section 303.21, subdivision 3.

Subd. 2. **Fee.** If the certificate of authority was revoked by the secretary of state pursuant to section 303.17, ~~the corporation shall pay to the commissioner of management and budget \$250 before it may be reinstated.~~

~~If the certificate of authority was canceled or by a judgment pursuant to section 303.18, the corporation shall pay to the commissioner of management and budget \$500 before it may be reinstated.~~

Subd. 3. **Certificate of reinstatement.** Upon the filing of the application and upon payment of all penalties, fees and charges required by law, ~~not including an initial license fee or additional license fees to the extent that they have previously been paid by the corporation~~ the fees imposed by this section, the secretary of state shall reinstate the license of the corporation.

Sec. 55. Minnesota Statutes 2014, section 304A.301, subdivision 1, is amended to read:

Subdivision 1. **Report required.** ~~No later than 90 days after the conclusion of each calendar year~~ Before each April 1, a public benefit corporation must deliver to the secretary of state for filing an annual benefit report covering the 12-month period ending on December 31 of ~~that~~ the previous

year and pay a fee of \$35 to the secretary of state. The annual benefit report must state the name of the public benefit corporation, be signed by the public benefit corporation's chief executive officer not more than 30 days before the report is delivered to the secretary of state for filing, and must be current when signed.

Sec. 56. Minnesota Statutes 2014, section 304A.301, subdivision 5, is amended to read:

Subd. 5. **Failure to file an annual benefit report.** If a public benefit corporation fails to file an<sub>2</sub> before April 1 of any calendar year, the annual benefit report in accordance with this section within 90 days of the date on which an annual benefit report is due required by this section, the secretary of state shall revoke the corporation's status as a public benefit corporation under this chapter and must notify the public benefit corporation of the revocation using the information provided by the corporation pursuant to section 5.002 or 5.34 or provided in the articles.

Sec. 57. Minnesota Statutes 2014, section 304A.301, subdivision 6, is amended to read:

Subd. 6. **Effects of revocation; reinstatement.** (a) A public benefit corporation that has lost its public benefit corporation status for failure to timely file an annual benefit report or by terminating that status pursuant to section 304A.103 is not entitled to the benefits afforded to a public benefit corporation under this chapter as of the date of revocation or termination and must amend the articles of incorporation to reflect a name compliant with section 302A.115, but which does not include the corporate designation provided for in section 304A.101, subdivision 2.

(b) Within 30 days of issuance of revocation of public benefit corporation status by the secretary of state, filing a renewal complying with this section and a \$500 fee with the secretary of state will reinstate the corporation as a public benefit corporation under this chapter as of the date of revocation.

Sec. 58. Minnesota Statutes 2014, section 304A.301, is amended by adding a subdivision to read:

Subd. 8. **Failure to change corporate name.** The duration of a corporation that has had public benefit status terminated or revoked and which fails to change the corporate name as provided in subdivision 6 expires automatically 30 days after termination or revocation of the public benefit corporation status.

Sec. 59. Minnesota Statutes 2014, section 326A.01, subdivision 2, is amended to read:

Subd. 2. **Attest.** "Attest" means ~~to provide~~ providing any of the following ~~financial statement~~ services:

(1) an audit or other engagement performed in accordance with the Statements on Auditing Standards (SAS);

(2) a review of a financial statement performed in accordance with the Statements on Standards for Accounting and Review Services (SSARS);

(3) an examination of prospective financial information performed in accordance with the Statements on Standards for Attestation Engagements (SSAE); ~~and~~

(4) ~~any an~~ an engagement performed in accordance with ~~auditing and related~~ the standards of the Public Company Accounting Oversight Board (PCAOB); ~~and~~

(5) an examination, review, or agreed-upon procedures engagement performed in accordance with SSAE, other than an examination described in clause (3).

Sec. 60. Minnesota Statutes 2014, section 326A.01, subdivision 12, is amended to read:

Subd. 12. **Peer review.** "Peer review" means an independent study, appraisal, or review of one or more aspects of the professional work of a licensee or CPA firm that issues attest or compilation reports, or the professional work of a person registered under section 326A.06, paragraph (b), by persons who are not affiliated with the licensee or CPA firm being reviewed.

Sec. 61. Minnesota Statutes 2014, section 326A.01, subdivision 13a, is amended to read:

Subd. 13a. **Principal place of business.** "Principal place of business" means the office location designated by the licensee for purposes of substantial equivalency and reciprocity ~~in this state and in other states.~~

Sec. 62. Minnesota Statutes 2014, section 326A.01, subdivision 15, is amended to read:

Subd. 15. **Report.** "Report," when used with reference to ~~financial statements~~ an attest or compilation service, means an opinion, report, or other form of language that states or implies assurance as to the reliability of ~~any~~ the attested information or compiled financial statements and that also includes or is accompanied by a statement or implication that the person or firm issuing it has special knowledge or competence in accounting or auditing. Such a statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the person or firm is an accountant or auditor, or from the language of the report itself. The term "report" includes any form of language that disclaims an opinion when the form of language is conventionally understood to imply any positive assurance as to the reliability of the attested information or compiled financial statements referred to or special competence on the part of the person or firm issuing the language. It includes any other form of language that is conventionally understood to imply such assurance or such special knowledge or competence.

Sec. 63. Minnesota Statutes 2014, section 326A.01, subdivision 16, is amended to read:

Subd. 16. **State.** "State" means any state of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, the Commonwealth of the Northern Mariana Islands, and Guam; except that "this state" means the state of Minnesota.

Sec. 64. Minnesota Statutes 2014, section 326A.02, subdivision 3, is amended to read:

Subd. 3. **Officers; proceedings.** The board shall elect one of its ~~number~~ members as chair, another as vice-chair, and another as secretary and treasurer. The officers shall hold their respective offices for a term of one year and until their successors are elected. The affirmative vote of a majority of the qualified members of the board, or a majority of a quorum of the board at any meeting duly called, is considered the action of the board. The board shall meet at such times and places as may be fixed by the board. Meetings of the board are subject to chapter 13D. A majority of the board members then in office constitutes a quorum at any meeting duly called. The board shall retain or arrange for the retention of all applications and all documents under oath that are filed with the board and also records of its proceedings, and it shall maintain a registry of the names and addresses of all licensees and registrants under this chapter. In any proceeding in court, civil or criminal, arising out of or founded upon any provision of this chapter, copies of records of the proceeding certified

as true copies by the board chair or executive director shall be admissible in evidence as tending to prove the contents of the records.

Sec. 65. Minnesota Statutes 2014, section 326A.02, subdivision 5, is amended to read:

Subd. 5. **Rules.** The board may adopt rules governing its administration and enforcement of this chapter and the conduct of licensees and persons registered under section 326A.06, paragraph (b), including:

- (1) rules governing the board's meetings and the conduct of its business;
- (2) rules of procedure governing the conduct of investigations and hearings and discipline by the board;
- (3) rules specifying the educational and experience qualifications required for the issuance of certificates and the continuing professional education required for renewal of certificates;
- (4) rules of professional conduct directed to controlling the quality and probity of services by licensees, and dealing among other things with independence, integrity, and objectivity; competence and technical standards; and responsibilities to the public and to clients;
- (5) rules governing the professional standards applicable to licensees including adoption of the standards specified in section 326A.01, subdivision 2, and as developed for general application by recognized national accountancy organizations such as the American Institute of Certified Public Accountants or the Public Company Accounting Oversight Board;
- (6) (7) rules that incorporate by reference the standards for attesting listed in section 326A.01, subdivision 2, that are consistent with the standards of general applicability recognized by national accountancy organizations, including the American Institute of Certified Public Accountants and the Public Company Accounting Oversight Board;
- ~~(6)~~ (7) rules governing the manner and circumstances of use of the titles "certified public accountant," "CPA," "registered accounting practitioner," and "RAP";
- ~~(7)~~ (8) rules regarding peer review that may be required to be performed under provisions of this chapter;
- ~~(8)~~ (9) rules on substantial equivalence to implement section 326A.14;
- ~~(9)~~ (10) rules regarding the conduct of the certified public accountant examination;
- ~~(10)~~ (11) rules regarding the issuance and renewals of certificates, permits, and registrations;
- ~~(11)~~ (12) rules regarding transition provisions to implement this chapter;
- ~~(12)~~ (13) rules specifying the educational and experience qualifications for registration, rules of professional conduct, rules regarding peer review, rules governing standards for providing services, and rules regarding the conduct and content of examination for those persons registered under section 326A.06, paragraph (b);
- ~~(13)~~ (14) rules regarding fees for examinations, certificate issuance and renewal, firm permits, registrations under section 326A.06, paragraph (b), notifications made under section 326A.14, and late processing fees; and

~~(14)~~ (15) upon any change to this chapter, if the board determines a change in Minnesota Rules is required, the board may initiate the expedited process under section 14.389 up to one year after the effective date of the change to this chapter.

Sec. 66. Minnesota Statutes 2014, section 326A.05, subdivision 1, is amended to read:

Subdivision 1. **General.** The board shall grant or renew permits to practice as a CPA firm to entities that make application and demonstrate their qualifications in accordance with this section.

(a) The following must hold a permit issued under this section:

(1) any firm with an office in this state performing attest services as defined in section 326A.01, subdivision 2;

(2) to the extent required by section 326A.10, paragraph (k), any firm with an office in this state performing compilation services as defined in section 326A.01, subdivision 6;

(3) any firm with an office in this state that uses the title "CPA" or "CPA firm"; or

(4) any firm that does not have an office in this state but performs attest services as described in section 326A.01, subdivision 2, paragraph (1), (3), or (4), for a client having its headquarters in this state.

(b) A firm possessing a valid permit from another state which does not have an office in this state may perform services described in section 326A.01, subdivision 2, clause (2) or (5), or subdivision 6, for a client having its headquarters in this state and may use the title "CPA" or "CPA firm" without a permit issued under this section only if:

(1) it has the qualifications described in subdivision 3, paragraph (b);

(2) as a condition to the renewal of the firm's permit issued by the other state, that state requires a peer review which contains the requirements equivalent to subdivision 8, paragraphs (a) and (e); and

(3) it performs the services through an individual who has been granted practice privileges under section 326A.14.

(c) A firm possessing a valid permit from another state that does not have an office in this state and which is not subject to the requirements of paragraph (a), clause (4), or (b), may perform other professional services while using the title "CPA" or "CPA firm" in this state without a permit issued under this section only if the firm:

(1) has the qualifications described in subdivision 3, paragraph (b);

(2) performs the services through an individual who has been granted practice privileges under section 326A.14; and

(3) can lawfully perform the services in the state where the individuals with practice privileges have their principal place of business.

Sec. 67. Minnesota Statutes 2014, section 326A.05, subdivision 3, is amended to read:

Subd. 3. **Qualifications.** (a) An applicant for initial issuance or renewal of a permit to practice under this section shall comply with the requirements in this subdivision.

(b) Notwithstanding chapter 319B or any other provision of law, a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, must belong to holders of certificates who are licensed in some state, and the partners, officers, shareholders, members, or managers, whose principal place of business is in this state, and who perform professional services in this state, must hold valid certificates issued under section 326A.04 or the corresponding provision of prior law. Although firms may include nonlicensee owners, the firm and its ownership must comply with rules adopted by the board. The firm shall register all nonlicensee owners with the state board as set forth by rule. An individual who has been granted practice privileges under section 326A.14 and who performs services for which a firm permit is required under section 326A.14, subdivision 1, paragraph (d), is not required to obtain a certificate from the board under section 326A.04.

(c) A CPA firm may include nonlicensee owners provided that:

(1) the firm designates a licensee of this state, or in the case of a firm that must have a permit according to section 326A.14, subdivision 1, paragraph (d), a licensee of another state who meets the requirements in section 326A.14, subdivision 1, paragraph (a) or (b), who is responsible for the proper registration of the firm and identifies that individual to the board;

(2) all nonlicensee owners are persons of good moral character and are active individual participants in the CPA firm or affiliated entities; and

(3) the firm complies with other requirements imposed by the board in rule.

(d) An individual licensee and any individual granted practice privileges under section 326A.14 who is responsible for supervising attest or compilation services and signs or authorizes someone to sign the accountant's report ~~on the financial statements~~ on behalf of the firm, shall meet the competency requirements set out in the professional standards for such services.

(e) An individual licensee and any individual granted practice privileges under section 326A.14 who signs or authorizes someone to sign the accountants' report ~~on the financial statements~~ on behalf of the firm shall meet the competency requirement of paragraph (d).

Sec. 68. Minnesota Statutes 2014, section 326A.08, subdivision 7, is amended to read:

Subd. 7. **Violation; penalties; costs of proceeding.** (a) The board may impose a civil penalty not to exceed ~~\$2,000~~ \$5,000 per violation upon a person or a firm that violates an order, statute, or rule that the board has issued or is empowered to enforce.

(b) The board may, in addition, impose a fee to reimburse the board for all or part of the cost of the proceedings, including reasonable investigative costs, resulting in disciplinary or corrective action authorized by this section, the imposition of civil penalties, or the issuance of a cease and desist order. The fee may be imposed when the board shows that the position of the person or firm that violates a statute, rule, or order that the board has issued or is empowered to enforce is not substantially justified, unless special circumstances make an award unjust, notwithstanding the provisions of Minnesota Rules, part 1400.8401. The costs include, but are not limited to, the amount paid by the board for services from the office of administrative hearings, attorney and reasonable investigative fees, court reporters, witnesses, reproduction of records, board members' per diem compensation, board staff time, and expense incurred by board members and staff.

Sec. 69. Minnesota Statutes 2014, section 326A.10, is amended to read:

**326A.10 UNLAWFUL ACTS.**

(a) Only a licensee and individuals who have been granted practice privileges under section 326A.14 may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing attest services, or offer to render or render any attest service. Only a certified public accountant, an individual who has been granted practice privileges under section 326A.14, a CPA firm, or, to the extent permitted by board rule, a person registered under section 326A.06, paragraph (b), may issue a report on financial statements of any person, firm, organization, or governmental unit that results from providing compilation services or offer to render or render any compilation service. These restrictions do not prohibit any act of a public official or public employee in the performance of that person's duties or prohibit the performance by any nonlicensee of other services involving the use of accounting skills, including the preparation of tax returns, management advisory services, and the preparation of financial statements without the issuance of reports on them. Nonlicensees may prepare financial statements and issue nonattest transmittals or information on them which do not purport to be in compliance with the Statements on Standards for Accounting and Review Services (SSARS). Nonlicensees registered under section 326A.06, paragraph (b), may, to the extent permitted by board rule, prepare financial statements and issue nonattest transmittals or information on them.

(b) Licensees and individuals who have been granted practice privileges under section 326A.14 performing attest or compilation services must provide those services in accordance with professional standards. To the extent permitted by board rule, registered accounting practitioners performing compilation services must provide those services in accordance with standards specified in board rule.

(c) A person who does not hold a valid certificate issued under section 326A.04 or a practice privilege granted under section 326A.14 shall not use or assume the title "certified public accountant," the abbreviation "CPA," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the person is a certified public accountant.

(d) A firm shall not provide attest services or assume or use the title "certified public accountants," the abbreviation "CPA's," or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is a CPA firm unless (1) the firm has complied with section 326A.05, and (2) ownership of the firm is in accordance with this chapter and rules adopted by the board.

(e) A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use the title "certified accountant," "chartered accountant," "enrolled accountant," "licensed accountant," "registered accountant," "accredited accountant," "accounting practitioner," "public accountant," "licensed public accountant," or any other title or designation likely to be confused with the title "certified public accountant," or use any of the abbreviations "CA," "LA," "RA," "AA," "PA," "AP," "LPA," or similar abbreviation likely to be confused with the abbreviation "CPA." The title "enrolled agent" or "EA" may only be used by individuals so designated by the Internal Revenue Service.

(f) Persons registered under section 326A.06, paragraph (b), may use the title "registered accounting practitioner" or the abbreviation "RAP." A person who does not hold a valid registration under section 326A.06, paragraph (b), shall not assume or use such title or abbreviation.

(g) Except to the extent permitted in paragraph (a), nonlicensees may not use language in any statement relating to the financial affairs of a person or entity that is conventionally used by licensees in reports on financial statements or on an attest service. In this regard, the board shall issue by rule safe harbor language that nonlicensees may use in connection with such financial information. A person or firm that does not hold a valid certificate or permit, or a registration issued under section 326A.04, 326A.05, or 326A.06, paragraph (b), or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "accountant" or "accounting" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate, permit, or registration or has special competence as an accountant. A person or firm that does not hold a valid certificate or permit issued under section 326A.04 or 326A.05 or has not otherwise complied with section 326A.04 or 326A.05 as required in this chapter shall not assume or use any title or designation that includes the word "auditor" in connection with any other language, including the language of a report, that implies that the person or firm holds such a certificate or permit or has special competence as an auditor. However, this paragraph does not prohibit any officer, partner, member, manager, or employee of any firm or organization from affixing that person's own signature to any statement in reference to the financial affairs of such firm or organization with any wording designating the position, title, or office that the person holds, nor prohibit any act of a public official or employee in the performance of the person's duties as such.

(h)(1) No person holding a certificate or registration or firm holding a permit under this chapter shall use a professional or firm name or designation that is misleading about the legal form of the firm, or about the persons who are partners, officers, members, managers, or shareholders of the firm, or about any other matter. However, names of one or more former partners, members, managers, or shareholders may be included in the name of a firm or its successor.

(2) A common brand name or network name part, including common initials, used by a CPA firm in its name, is not misleading if the firm is a network firm as defined in the American Institute of Certified Public Accountants (AICPA) Code of Professional Conduct in effect July 1, 2011, and when offering or rendering services that require independence under AICPA standards, the firm must comply with the AICPA code's applicable standards on independence.

(i) Paragraphs (a) to (h) do not apply to a person or firm holding a certification, designation, degree, or license granted in a foreign country entitling the holder to engage in the practice of public accountancy or its equivalent in that country, if:

(1) the activities of the person or firm in this state are limited to the provision of professional services to persons or firms who are residents of, governments of, or business entities of the country in which the person holds the entitlement;

(2) the person or firm performs no attest or compilation services and issues no reports with respect to the ~~financial statements~~ information of any other persons, firms, or governmental units in this state; and

(3) the person or firm does not use in this state any title or designation other than the one under which the person practices in the foreign country, followed by a translation of the title or designation into English, if it is in a different language, and by the name of the country.

(j) No holder of a certificate issued under section 326A.04 may perform attest services through any business form that does not hold a valid permit issued under section 326A.05.

(k) No individual licensee may issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under section 326A.05, unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

(1) signs the compilation report identifying the individual as a certified public accountant;

(2) meets the competency requirement provided in applicable standards; and

(3) undergoes no less frequently than once every three years, a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements set out in professional standards for such services.

(l) No person registered under section 326A.06, paragraph (b), may issue a report in standard form upon a compilation of financial information unless the board by rule permits the report and the person:

(1) signs the compilation report identifying the individual as a registered accounting practitioner;

(2) meets the competency requirements in board rule; and

(3) undergoes no less frequently than once every three years a peer review conducted in a manner specified by the board in rule, and the review includes verification that the individual has met the competency requirements in board rule.

(m) Nothing in this section prohibits a practicing attorney or firm of attorneys from preparing or presenting records or documents customarily prepared by an attorney or firm of attorneys in connection with the attorney's professional work in the practice of law.

(n) The board shall adopt rules that place limitations on receipt by a licensee or a person who holds a registration under section 326A.06, paragraph (b), of:

(1) contingent fees for professional services performed; and

(2) commissions or referral fees for recommending or referring to a client any product or service.

(o) Anything in this section to the contrary notwithstanding, it shall not be a violation of this section for a firm not holding a valid permit under section 326A.05 and not having an office in this state to provide its professional services in this state so long as it complies with the applicable requirements of section 326A.05, subdivision 1.

Sec. 70. Minnesota Statutes 2014, section 336A.09, subdivision 1, is amended to read:

Subdivision 1. **Procedure.** (a) ~~Oral~~ Online and written inquiries regarding information provided by the filing of effective financing statements or lien notices may be ~~made at any filing office submitted to the secretary of state during regular business hours~~ or, if submitted online, at any time.

(b) ~~A filing office receiving an oral or written inquiry shall, upon request~~ The secretary of state must, upon receiving an inquiry, provide an oral or facsimile a prompt response to the inquiry.

(c) ~~A filing office~~ The secretary of state shall maintain a record of inquiries made under this section including:

- (1) the date of the inquiry;
- (2) the name of the debtor inquired about; and
- (3) identification of the person making the request for inquiry.

Sec. 71. Minnesota Statutes 2014, section 349.16, subdivision 6a, is amended to read:

Subd. 6a. **Monthly regulatory fee.** An organization must pay a monthly regulatory fee of ~~0.1~~ 0.125 percent of the organization's gross receipts from lawful gambling conducted each month. The fee must be reported and paid on a monthly basis in a format as determined by the commissioner of revenue, and remitted to the commissioner of revenue with the organization's monthly tax return. All monthly regulatory fees received by the commissioner of revenue under this subdivision must be deposited in the lawful gambling regulation account in the special revenue fund according to section 349.151. Failure to pay the monthly regulatory fees in a timely manner may result in disciplinary action by the board.

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

Sec. 72. Minnesota Statutes 2014, section 349.161, subdivision 4, is amended to read:

Subd. 4. **Fees.** (a) The annual fee for a distributor's license is ~~\$6,000~~ \$7,000.

(b) The annual fee for a distributor salesperson license is ~~\$100~~ \$150.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to distributor and distributor salesperson licenses with an effective date of July 1, 2015, or later.

Sec. 73. Minnesota Statutes 2014, section 349.163, subdivision 2, is amended to read:

Subd. 2. **License; fee.** The annual fee for a manufacturer's license is ~~\$9,000~~ \$10,000.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to manufacturer licenses with an effective date of July 1, 2015, or later.

Sec. 74. Minnesota Statutes 2014, section 349.163, subdivision 6, is amended to read:

Subd. 6. **Samples of gambling equipment.** (a) The board shall require each licensed manufacturer to submit to the board one or more samples of each item of gambling equipment manufactured for use or resale in this state. For purposes of this subdivision, a manufacturer is also required to submit the applicable version of any software necessary to operate electronic devices and related systems.

(b) The board shall inspect and test all the equipment, including software and software upgrades, it deems necessary to determine the equipment's compliance with law and board rules. Samples required under this subdivision must be approved by the board before the equipment being sampled is shipped into or sold for use or resale in this state. The board shall impose a fee of ~~\$25~~ \$30 for each item of gambling equipment that the manufacturer submits for approval or for which the

manufacturer requests approval. The board shall impose a fee of ~~\$100~~ \$125 for each sample of gambling equipment that it tests.

(c) The board may require samples of gambling equipment to be tested by an independent testing laboratory prior to submission to the board for approval. All costs of testing by an independent testing laboratory must be borne by the manufacturer. An independent testing laboratory used by a manufacturer to test samples of gambling equipment must be approved by the board before the equipment is submitted to the laboratory for testing.

(d) The board may request the assistance of the commissioner of public safety and the director of the State Lottery in performing the tests.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to games submitted for approval on July 1, 2015, or later.

Sec. 75. Minnesota Statutes 2014, section 349.166, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** (a) Lawful gambling, with the exception of linked bingo games, may be conducted by an organization without a license and without complying with sections 349.168, subdivisions 1 and 2; 349.17, subdivision 4; 349.18, subdivision 1; and 349.19 if:

(1) the organization conducts lawful gambling on five or fewer days in a calendar year;

(2) the organization does not award more than \$50,000 in prizes for lawful gambling in a calendar year;

(3) the organization submits a board-prescribed application and pays a fee of ~~\$50~~-~~\$100~~ to the board for each gambling occasion, and receives an exempt permit number from the board. If the application is postmarked or received less than 30 days before the gambling occasion, the fee is ~~\$100~~ \$150 for that application. The application must include the date and location of the occasion, the types of lawful gambling to be conducted, and the prizes to be awarded;

(4) the organization notifies the local government unit 30 days before the lawful gambling occasion, or 60 days for an occasion held in a city of the first class;

(5) the organization purchases all gambling equipment and supplies from a licensed distributor; and

(6) the organization reports to the board, on a single-page form prescribed by the board, within 30 days of each gambling occasion, the gross receipts, prizes, expenses, expenditures of net profits from the occasion, and the identification of the licensed distributor from whom all gambling equipment was purchased.

(b) If the organization fails to file a timely report as required by paragraph (a), clause (6), the board shall not issue any authorization, license, or permit to the organization to conduct lawful gambling on an exempt, excluded, or licensed basis until the report has been filed and the organization may be subject to penalty as determined by the board. The board may refuse to issue any authorization, license, or permit if a report or application is determined to be incomplete or knowingly contains false or inaccurate information.

(c) Merchandise prizes must be valued at their fair market value.

(d) Organizations that qualify to conduct exempt raffles under paragraph (a), are exempt from section 349.173, paragraph (b), clause (2), if the raffle tickets are sold only in combination with an organization's membership or a ticket for an organization's membership dinner and are not included with any other raffle conducted under the exempt permit.

(e) Unused pull-tab and tipboard deals must be returned to the distributor within seven working days after the end of the lawful gambling occasion. The distributor must accept and pay a refund for all returns of unopened and undamaged deals returned under this paragraph.

(f) The organization must maintain all required records of exempt gambling activity for 3-1/2 years.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all permits with an effective date of July 1, 2015, or later.

**Sec. 76. [383B.83] LIMITS ON RAILROAD CONDEMNATION POWERS OVER CERTAIN GOVERNMENTAL PROPERTY INTERESTS.**

Notwithstanding anything to the contrary in chapter 117, sections 222.26, 222.27, 222.36, or any other law, the powers of a railroad corporation or a railroad company or a railroad interest acting as a public service corporation or a common carrier do not include the power to exercise eminent domain over a property interest owned by Hennepin County, the Hennepin County Housing and Redevelopment Authority, or the Hennepin County Regional Railroad Authority if such governmental power, by resolution of its governing board, determines based on findings that the public safety or access of first responders would be detrimentally affected by the exercise.

**EFFECTIVE DATE.** This section is effective retroactively from March 2, 2015, and applies to any eminent domain action to acquire any property interest of any of the named entities.

Sec. 77. Laws 2013, chapter 142, article 1, section 10, is amended to read:

<b>Sec. 10. OFFICE OF ENTERPRISE TECHNOLOGY MN.IT SERVICES</b>	<b>\$</b>	<b>2,431,000</b>	<b>\$</b>	<b>2,431,000</b>
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During the biennium ending June 30, 2015, the Office of Enterprise Technology MN.IT Services must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

The commissioner of Minnesota management and budget is authorized to provide cash flow assistance of up to \$110,000,000 from the special revenue fund or other statutory

general funds as defined in Minnesota Statutes, section 16A.671, subdivision 3, paragraph (a), to the Office of Enterprise Technology MN.IT Services for the purpose of managing revenue and expenditure differences during the initial phases of IT consolidation. These funds shall be repaid with interest by June 30, 2015 the end of the fiscal year 2015 closing period.

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

Sec. 78. Laws 2014, chapter 287, section 25, is amended to read:

Sec. 25. **PARKING RAMP; REQUIRED USER FINANCING.**

The amount equivalent to debt service on the design and construction costs allocated to the parking garage to be located on the block bounded by Sherburne Avenue on the north, Park Street on the west, University Avenue on the south, and North Capitol Boulevard on the east ~~must be user-financed from~~ must be transferred from parking fees collected and deposited into the state parking account and credited to the debt service account for the Legislative Office Facility. to the general fund to offset any direct appropriations made to the senate for debt service payments for the legislative parking garage.

Sec. 79. **CAPITOL ROOM NUMBERS.**

After the Capitol renovation has been completed, the commissioner of administration must use the same room numbers on signage to identify legacy rooms that were used to identify the rooms before the Capitol renovation. For purposes of this section, "Capitol renovation" means the construction project for which funds were appropriated in Laws 2013, chapter 136, section 3; "legacy rooms" means any room in the Capitol after Capitol renovation that has dimensions and a location that are substantially similar to a room within the Capitol that existed before renovation; and "signage" means any posting on any surface in the Capitol building.

Sec. 80. **IN-LIEU OF RENT EVALUATION.**

(a) The commissioner of administration must evaluate and provide recommendations regarding the base appropriation to the Department of Administration for an in-lieu of rent payment for space costs of the legislature and veterans organizations, vending operators, ceremonial space, and statutorily free space in the Capitol building and in other buildings on the Capitol grounds under the custodial control of the Department of Administration.

(b) By January 15, 2017, the commissioner must report to the chairs and ranking minority members of the committees and divisions in the senate and the house of representatives with jurisdiction over the appropriation to the Department of Administration for the in-lieu of rent payment. The report must:

(1) identify the amount and quality of space that will be occupied by the senate, the house of representatives, and veterans organizations, ceremonial space, and statutorily free space, in fiscal years 2018 and 2019, including a comparison to the amount and quality of space occupied by the same tenants in fiscal year 2013;

(2) evaluate and justify the expense components included and assumptions made in determining lease rates and make comparisons to market rates; and

(3) evaluate whether the base funding for fiscal years 2018 and 2019 for the in-lieu of rent appropriation is justified, and if not, recommend an increase or decrease.

(c) In conducting the evaluation and preparing the report, the commissioner must consult with the secretary of the senate, the chief clerk of the house of representatives, the commissioner of employment and economic development on behalf of the services for the blind, and the commissioner of veterans affairs on behalf of veterans organizations that use space for which the Department of Administration receives an in-lieu of rent appropriation.

**Sec. 81. RULEMAKING.**

(a) The Board of Cosmetologist Examiners shall adopt rules governing the licensure, operation, and inspection of mobile salons, including facility requirements; safety and infection control requirements; a process for a salon licensee to notify the board of the mobile salon's location and times of operation; requirements for supplying and disposing of water and waste products; and the scope of personal services to be provided in mobile salons. The rules must prohibit mobile salons from violating reasonable municipal restrictions on time and place of operation of a mobile salon within its jurisdiction, and shall establish penalties, up to and including revocation of a license, for repeated violations of municipal laws.

(b) The Board of Cosmetologist Examiners shall adopt rules governing the advanced practice esthetician license, including the educational and training requirements, scope of practice, and the conditions and process of issuing and renewing the license.

**EFFECTIVE DATE.** Paragraph (a) of this section is effective the day following final enactment. Paragraph (b) of this section is effective January 1, 2016, and expires January 1, 2019.

**Sec. 82. POLITICAL CONTRIBUTION CREDIT.**

Notwithstanding the provisions of Minnesota Statutes, section 290.06, subdivision 23, or any other law to the contrary, the political contribution refund does not apply to contributions made after June 30, 2015, and before July 1, 2017.

**Sec. 83. STATE AGENCY TECHNOLOGY PROJECTS.**

Any appropriation in this chapter for information technology project services and support is subject to Minnesota Statutes, section 16E.0466. If an agency needs ongoing information technology services as a result of the services and support paid for with an appropriation in this chapter, the agency must enter into an agreement with the Office of MN.IT Services to provide those services. The agreement must require the agency to pay the Office of MN.IT Services under rates and mechanisms specified in the agreement.

**Sec. 84. EXAMINATION OF COUNTY RECORDS; REPORT.**

Consistent with the authority granted under Minnesota Statutes, section 3.971, the Office of the Legislative Auditor shall report on the efficiency of the examinations conducted by the state auditor under Minnesota Statutes, section 6.48. The report must be forwarded to the house of representatives and senate chairs of legislative committees with jurisdiction over state government finance by January 15, 2016.

Sec. 85. **REPORT ON AGENCY CHIEF INFORMATION OFFICERS.**

The chief information officer of MN.IT must report to the legislature by January 15, 2016, on reduction in the number of chief information officers (CIOs) in state agencies. The report must include the number of CIOs on July 1, 2015, the number on January 15, 2016, and plans to reduce that number.

Sec. 86. **TRANSITION.**

(a) Members of an ethnic council specified in new Minnesota Statutes, section 15.0145, on July 1, 2015, continue to serve on the council until the end of their current term. However, if a member of a council has served eight years or more on the council at any time before December 31, 2015, the term of that member expires December 31, 2015. If a council has more members on July 1, 2015, than is provided for by Minnesota Statutes, section 15.0145, positions on the council shall not be filled until the expiration of a term results in fewer members on the council than provided for in Minnesota Statutes, section 15.0145. Membership qualifications newly specified in Minnesota Statutes, section 15.0145, must be complied with as soon as possible when terms of current members expire.

(b) The Legislative Coordinating Commission must appoint an executive director for each council no later than November 15, 2015. The authority of the Legislative Coordinating Commission to recruit and select persons to serve as executive directors is effective the day following final enactment. An incumbent executive director of a council may apply to be appointed by the Legislative Coordinating Commission but, if not selected, the employment of the incumbent ends when the Legislative Coordinating Commission appoints a new executive director, or on another date determined by the Legislative Coordinating Commission. Other council staff are transferred to employment with the reformulated councils specified in Minnesota Statutes, section 15.0145.

(c) Minnesota Statutes, section 15.039, subdivisions 1 to 6, apply to the ethnic councils that are reformulated in this act.

Sec. 87. **REVISOR'S INSTRUCTION.**

Subdivision 1. **Cosmetology.** The revisor of statutes shall change the word "sanitation" to "infection control" and the word "lapsed" to "expired" wherever they appear in Minnesota Statutes, chapter 155A, or Minnesota Rules, chapter 2105 or 2110.

Subd. 2. **County audits.** In the next and subsequent edition of Minnesota Statutes, the Revisor of Statutes shall substitute a reference to section 6.481 for each reference to section 6.48.

Subd. 3. **Ethnic councils.** (a) In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the names of councils as follows in each place where the names occur:

(1) Council for Minnesotans of African Heritage, in place of Council on Black Minnesotans; and

(2) Minnesota Council on Latino Affairs, in place of Council on Affairs of Chicano/Latino People.

(b) The revisor of statutes shall change cross-references to sections 3.9223, 3.9225, and 3.9226, with Minnesota Statutes, section 15.0145, and make changes necessary to correct punctuation, grammar, or sentence structure.

**EFFECTIVE DATE.** Subdivision 2 is effective August 1, 2016.

Sec. 88. **REPEALER.**

(a) Minnesota Statutes 2014, sections 3.9223; 3.9225; and 3.9226, subdivisions 1, 2, 3, 4, 5, 6, and 7, are repealed.

(b) Minnesota Statutes 2014, sections 6.48; and 375.23, are repealed.

(c) Minnesota Statutes 2014, section 155A.23, subdivision 6, is repealed.

### ARTICLE 3

#### MILITARY AND VETERANS AFFAIRS

Section 1. Minnesota Statutes 2014, section 190.19, subdivision 2a, is amended to read:

Subd. 2a. **Uses; veterans.** (a) Money appropriated to the Department of Veterans Affairs from the Minnesota "Support Our Troops" account may be used for:

- (1) grants to veterans service organizations;
- (2) outreach to underserved veterans;
- (3) providing services and programs for veterans and their families; ~~and~~
- (4) transfers to the vehicle services account for Gold Star license plates under section 168.1253;
- (5) grants of up to \$100,000 to any organization approved by the commissioner of veterans affairs for the purpose of supporting and improving the lives of veterans and their families; and
- (6) grants to an eligible foundation.

(b) For purposes of this subdivision, "eligible foundation" includes any organization that:

- (1) is a tax-exempt organization under section 501(c) of the Internal Revenue Code; and
- (2) is a nonprofit corporation under chapter 317A and the organization's articles of incorporation specify that a purpose of the organization includes (i) providing assistance to veterans and their families or (ii) enhancing the lives of veterans and their families.

Sec. 2. Minnesota Statutes 2014, section 190.19, subdivision 3, is amended to read:

Subd. 3. **Annual report.** The adjutant general and commissioner of veterans affairs must report by February 1, 2007, and each year thereafter, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over military and veterans' affairs on the number, amounts, and use of grants made by the adjutant general each agency from the Minnesota "Support Our Troops" account in the previous year.

Sec. 3. Minnesota Statutes 2014, section 192.38, subdivision 1, is amended to read:

Subdivision 1. **Temporary emergency relief.** If any officer or enlisted member of the military forces is wounded or otherwise disabled, dies from disease contracted or injuries received, or

is killed while in state active service as defined in section 190.05, subdivision 5a, the officer or member, or in the case of death the officer's or member's dependent spouse, child, or parent, may be provided with immediate temporary relief as necessary in cases of severe hardship, in an amount to be determined by the adjutant general and approved by the governor or a death gratuity payment equal to the amount allowed for service members in a federal active service status. All payments under this subdivision shall be made from appropriations for ~~the maintenance of the state military forces~~ emergency services. The adjutant general shall notify the Department of Management and Budget of any payments made pursuant to this subdivision and the amount of it shall be subtracted from any award made by the Department of Management and Budget.

Sec. 4. Minnesota Statutes 2014, section 192.501, is amended by adding a subdivision to read:

Subd. 1d. **Reclassification bonus program.** (a) The adjutant general must establish a program to provide a bonus to eligible members of the Minnesota National Guard who complete training that results in the award of a new military occupational specialty or Air Force specialty code in specialties that are identified by the adjutant general to be necessary for the enhanced readiness of the Minnesota National Guard.

(b) Eligibility for the bonus is limited to a member of the National Guard who:

(1) is serving satisfactorily as determined by the adjutant general;

(2) has 16 or fewer years of services creditable for retirement; and

(3) undergoes military training deemed by the adjutant general as sufficiently important to the readiness of the National Guard or a unit of the National Guard to warrant the payment of a bonus in an amount to generally encourage the member's participation in the training.

The adjutant general may, within the limitations of this paragraph and other applicable laws, determine additional eligibility criteria for the bonus, and must specify all of the criteria in regulations and publish changes as necessary.

(c) The bonus payments must be made on a schedule that is determined and published in department regulations by the adjutant general.

(d) If a member fails to complete a term of reenlistment or an obligated term of commissioned service for which a bonus was paid, the adjutant general may seek to recoup a prorated amount of the bonus as determined by the adjutant general.

Sec. 5. Minnesota Statutes 2014, section 197.133, is amended to read:

#### **197.133 DISPOSAL OF PROPERTY AND EXPIRATION OF BOARD OF GOVERNORS.**

(a) If a majority of the board determines that the disposal of the Big Island Veterans camp or a portion of the camp is in the best interests of Minnesota veterans, or if the camp is not used solely as a camp for and by disabled and other veterans and their families and operated and maintained in compliance with all state, federal, and local laws, the board may dispose of the property at market value as provided in this section. Before disposing of the property, the board shall give notice by certified mail to the commissioner of veterans affairs of its decision to dispose of the property. The commissioner shall publish the notice in the State Register. Interested governmental agencies have

until the end of the next legislative session after the notice to appropriate money to purchase the property.

(b) Proceeds realized from the disposal of the property and any assets on hand at the time of the disposal of the property, must be placed in an irrevocable trust to be used for the initiation or maintenance of veterans programs in the state of Minnesota. Trustees must be appointed in the same manner as provided for under Minnesota Statutes 2014, section 197.131. The trustees shall consult with the commissioner of veterans affairs to determine the needs of Minnesota veterans and provide the commissioner with an annual written report on the trust. The commissioner must approve all expenditures from the trust. A certified audit of all assets, expenditures, and property must be conducted prior to any disposition of any assets under the control of the board. Any board member who would benefit directly or indirectly financially from the sale of this property must be removed by the board and a successor appointed as provided by Minnesota Statutes 2014, section 197.131. Upon final disposition of all assets to the trust, the board must disband. Should the assets of the trust be exhausted, the trust must be terminated.

(c) The trustees appointed under paragraph (b) shall have the exclusive authority to remove a trustee of the trust established under paragraph (b). A trustee may be removed at any time without cause upon a majority vote of the trustees with consent of the commissioner of veterans affairs.

(d) A vacancy in a trusteeship of the trust established under paragraph (b) must be filled for the remainder of the unexpired term in the same manner as the original appointment.

Sec. 6. Minnesota Statutes 2014, section 197.46, is amended to read:

**197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.**

(a) Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

(b) Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person. If the veteran requests a hearing under this section, such written request must also contain the veteran's election to be heard by a civil service board or commission, a merit authority, or a three-person panel as defined in paragraph (c). If the veteran fails to identify the veteran's election, the governmental subdivision may select the hearing body.

(c) In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil

service board or commission or merit system authority. Where no such civil service board or commission or merit system authority exists, such hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In the event that the hearing is authorized to be held before a three-person board, the governmental subdivision's notice of intent to discharge shall state that the veteran must respond within 60 days of receipt of the notice of intent to discharge, and provide in writing to the governmental subdivision the name, United States mailing address, and telephone number of the veteran's selected representative for the three-person board. The failure of a veteran to submit the name, address, and telephone number of the veteran's selected representative to the governmental subdivision by mail or by personal service within the provided notice's 60-day period, shall constitute a waiver of the veteran's right to the hearing and all other legal remedies available for reinstatement of the veteran's employment position. In the event the two persons selected by the veteran and governmental subdivision do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board.

(d) Either the veteran or the governmental subdivision may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the other party within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. Nothing in this section shall be construed to apply to the position of teacher. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

(e) For disputes heard by a civil service board, the political subdivisions shall bear all costs associated with the hearing but not including attorney fees for attorneys representing the veteran. For disputes heard by a three-person panel, all parties shall bear equally all costs associated with the hearing, but not including attorney fees for attorneys representing the veteran. If the veteran prevails in a dispute heard by a civil service board or a three-person panel and the hearing reverses all aspects of discharge, the governmental subdivision shall pay the veteran's reasonable attorney fees.

(f) All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to all notices of intent to discharge issued on or after that date.

**Sec. 7. [197.987] HONOR AND REMEMBER FLAG.**

**Subdivision 1. Legislative findings.** The legislature of the state of Minnesota finds and determines that:

(1) since the Revolutionary War, more than 1,000,000 members of the United States armed forces have paid the ultimate price by sacrificing their lives in active military service for the United States of America;

(2) the contribution made by those fallen members of the armed forces is deserving of state and national recognition; and

(3) the Honor and Remember Flag is an appropriate symbol that acknowledges the selfless sacrifice of those members of the United States armed forces.

Subd. 2. **Designation.** The Honor and Remember Flag described in subdivision 3 is designated as the symbol of our state's concern and commitment to honoring and remembering the lives of all members of the United States armed forces who have lost their lives in the line of duty while serving honorably in active military service in the United States armed forces or of a service-connected cause due to or aggravated by that service, as determined by the United States Department of Defense or the United States Department of Veterans Affairs. This designation is contingent on the flag being available for purchase at a reasonable price.

Subd. 3. **Description.** The Honor and Remember Flag shall conform substantially to the following description: The Honor and Remember Flag is the same standard proportions as the flag of the United States of America. Its design contains a red field that occupies the top three-quarters and a white field that occupies the bottom quarter of the flag. In the center of the red field is a five-pointed, gold star with the top point located near the top of the red field and the two bottom points extending about one-quarter of the way into the white field. The gold star has a white border surrounded by a blue border. Between the two bottom points of the star is a tri-folded American flag displaying the blue field and some stars, which is the configuration of the American flag presented to the family of the deceased at a military memorial service. At the top of the tri-folded flag, extending into the center of the gold star, is a stylized, three-part flame, with one blue part and two red parts. In the white field below the tri-folded flag, the words "Honor and Remember" are centered. The Honor and Remember Flag is protected by U. S. copyright, registration number VA0001670661, owned by Honor and Remember, Inc.

Subd. 4. **Suggested days for flag display.** (a) The chief administrator of each governmental building or facility within this state, as defined in paragraph (b), is encouraged to display the Honor and Remember Flag on the following days each year:

(1) Armed Forces Day, the third Saturday in May;

(2) Flag Day, June 14;

(3) July 2nd and July 3rd, in remembrance of the 262 soldiers of the 1st Regiment Minnesota Volunteer Infantry who, at the Battle of Gettysburg during the American Civil War, fought so gallantly and successfully to repulse two major Confederate attacks on the main Union line, suffering over 80 percent casualties, thereby turning the battle and the war and helping to preserve the Union itself at that pivotal moment in our nation's history;

(4) July 4th, Independence Day;

(5) the third Friday of September, National POW/MIA Recognition Day;

(6) November 11, Veterans Day;

(7) July 27, Korean War Armistice Day;

(8) March 29, Vietnam Veterans Day; and

(9) any day on which the United States flag is displayed at a governmental building or facility within this state.

(b) For purposes of this section, "governmental building or facility within this state" means the following locations:

(1) the Minnesota State Capitol, the Office of the Governor and each other Minnesota constitutional office, the chambers of the Minnesota Senate and the Minnesota House of Representatives, the Minnesota Judicial Center and each Minnesota District Court House, any official state of Minnesota veterans memorial, Minnesota veterans home, Minnesota veterans cemetery, state veterans service centers, and state veterans community-based outreach centers; and

(2) any appropriate local government building or facility, as determined by the governing body of that local government.

Subd. 5. **Limitation.** This section may not be construed or interpreted to require any employee to report to work solely for the purpose of providing for the display of the Honor and Remember Flag or any other flag.

Subd. 6. **Implementation.** If a governmental building or facility within this state opts to display the Honor and Remember Flag, the chief administrator of that facility shall prescribe procedures necessary for the display.

Subd. 7. **Flag donation.** Notwithstanding sections 10A.071 and 471.895, any named public office or public official may accept a donation of one or more Honor and Remember Flags for the purpose of this section.

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

Sec. 8. Minnesota Statutes 2014, section 198.01, is amended to read:

#### **198.01 VETERANS HOME; ELIGIBILITY OF VETERANS.**

The Minnesota veterans homes shall provide nursing care and related health and social services for veterans and their spouses who meet eligibility and admission requirements of the Minnesota veterans homes. The commissioner may not close a veterans home unless closure of the home is specifically authorized or required by a law enacted after July 1, 2015. The word "veteran" as used in this section has the meaning provided in section 197.447.

Sec. 9. **REPEALER.**

Minnesota Statutes 2014, sections 197.131; and 197.132, are repealed.

### **ARTICLE 4**

#### **PARI-MUTUEL HORSE RACING**

Section 1. Minnesota Statutes 2014, section 240.01, subdivision 22, is amended to read:

Subd. 22. **Racing season.** "Racing season" means that portion of the calendar year starting at the beginning of the day of the first live horse race conducted by the licensee and concluding at the end of the day of the last live horse race conducted by the licensee in any year.

~~For purposes of this chapter, the racing season begins before the first Saturday in May and continues for not less than 25 consecutive weeks.~~

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

Sec. 2. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 28. **Takeout.** "Takeout" means the total amount of money, excluding breakage, withheld from each pari-mutuel pool, as authorized by statute or rule.

Sec. 3. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 29. **Handle** "Handle" means the aggregate of all pari-mutuel pools, excluding refundable wagers or cancellations.

Sec. 4. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 30. **Mixed meet.** "Mixed meet" means a racing day or series of racing days on which the racing of more than one breed of horse occurs.

Sec. 5. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 31. **Banked.** "Banked" means any game of chance that is played with the house as a participant in the game, where the house takes on all players, collects from all losers, and pays all winners, and the house can win.

Sec. 6. Minnesota Statutes 2014, section 240.01, is amended by adding a subdivision to read:

Subd. 32. **Steward.** A "steward" means an official described in section 240.16. The term steward includes the terms "judge," "chief steward," and "presiding judge," and applies to stewards and judges of the commission or a class B licensee, but not to other racing officials, such as paddock or placement judges, who are employees or agents of a class B licensee.

Sec. 7. Minnesota Statutes 2014, section 240.011, is amended to read:

#### **240.011 APPOINTMENT OF DIRECTOR.**

The governor shall appoint the director of the Minnesota Racing Commission, who serves in the unclassified service at the governor's pleasure. The director must be a person qualified by experience ~~in the administration and regulation of pari-mutuel racing~~ and training to possess the skills necessary to discharge the duties of the director. The governor must select a director from a list of one or more names submitted by the Minnesota Racing Commission.

Sec. 8. Minnesota Statutes 2014, section 240.03, is amended to read:

#### **240.03 COMMISSION POWERS AND DUTIES.**

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;

- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and to issue subpoenas to compel the attendance of witnesses and the submission of information, documents, ~~and records,~~ and other evidence it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; and
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission.

Sec. 9. Minnesota Statutes 2014, section 240.08, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

- (a) (1) is not in default in the payment of an obligation or debt to the state under Laws 1983, chapter 214;
- (b) (2) does not have a felony conviction of record in a state or federal court and does not have a state or federal felony charge pending;
- (c) (3) is not and never has been connected with or engaged in an illegal business;
- (d) (4) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;
- (e) (5) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and
- (f) (6) has never been found to have knowingly violated a rule or an order of the commission or a law or rule of Minnesota or another jurisdiction relating to horse racing, pari-mutuel betting, or any other form of gambling.

(b) The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleading authorized by the laws of this state. If any summons, process, or pleading is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the Office of the Secretary

of State and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Sec. 10. Minnesota Statutes 2014, section 240.08, subdivision 4, is amended to read:

Subd. 4. **License issuance and renewal.** If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for one year until December 31 of the calendar year for which they are issued. Certain types of class C licenses, to be determined by the commission, are effective until December 31 of the third calendar year for which they have been issued.

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

Sec. 11. Minnesota Statutes 2014, section 240.08, subdivision 5, is amended to read:

Subd. 5. **Revocation and suspension.** (a) The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, the public health, welfare, or safety, or for an intentional false statement made in a license application.

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the revocation or suspension of a class C license may be appealed to the commission according to its rules.

(b) A license revocation or suspension for more than 90 days is a contested case under sections 14.57 to 14.69 of the Administrative Procedure Act and is in addition to criminal penalties imposed for a violation of law or rule. The commission may summarily suspend a license for more than 90 days prior to a contested case hearing where it is necessary to ensure the integrity of racing or to protect the public health, welfare, or safety. A contested case hearing must be held within ~~20~~ 30 days of the summary suspension and the administrative law judge's report must be issued within ~~20~~ 30 days from the close of the hearing record. In all cases involving summary suspension the commission must issue its final decision within 30 days from receipt of the report of the administrative law judge and subsequent exceptions and argument under section 14.61.

Sec. 12. Minnesota Statutes 2014, section 240.10, is amended to read:

#### **240.10 LICENSE FEES.**

The fee for a class A license is \$253,000 per year and must be remitted on July 1. The fee for a class B license is \$500 for each assigned racing day and \$100 for each day on which simulcasting is authorized and must be remitted on July 1. ~~Included herein are all days assigned to be conducted after January 1, 2003.~~ The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 240.08 ~~but no annual fee for a class C license may exceed \$100.~~

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

Sec. 13. Minnesota Statutes 2014, section 240.13, subdivision 5, is amended to read:

Subd. 5. **Purses.** (a) From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to not less than the following percentages of all money in all pools must be set aside by the licensee and used for purses for races conducted by the licensee, provided that a licensee may agree by contract with an organization representing a majority of the horsepersons racing the breed involved to set aside amounts in addition to the following percentages, if the contract is in writing and filed with the commission:

(1) for live races conducted at a class A facility, ~~and for races that are part of full racing card simulcasting that takes place within the time period of the live races;~~ 8.4 percent of handle;

(2) for simulcasts conducted during the racing season other than as provided for in clause (1), 50 percent of the takeout remaining after deduction for taxes on pari-mutuel pools, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal; and

~~(3) (2) for simulcasts conducted outside of the racing season, 25~~ any day a class A facility is licensed, not less than 37 percent of the takeout remaining after deduction for the state pari-mutuel tax, payment to the breeders fund, and payment to the sending out-of-state racetrack for receipt of the signal and, before January 1, 2005, a further deduction of eight percent of all money in all pools. In the event that wagering on simulcasts outside of the racing season exceeds \$125 million in any calendar year, the amount set aside for purses by this formula is increased to 30 percent on amounts between \$125,000,000 and \$150,000,000 wagered; 40 percent on amounts between \$150,000,000 and \$175,000,000 wagered; and 50 percent on amounts in excess of \$175,000,000 wagered. In lieu of the eight percent deduction, A deduction as agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing at the licensee's class A facility during the preceding 12 months, is allowed after December 31, 2004.

The commission may by rule provide for the administration and enforcement of this subdivision. The deductions for payment to the sending out-of-state racetrack must be actual, except that when there exists any overlap of ownership, control, or interest between the sending out-of-state racetrack and the receiving licensee, the deduction must not be greater than three percent unless agreed to between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed racing the majority of races during the existing racing meeting or, if outside of the racing season, during the most recent racing meeting.

~~In lieu of the amount the licensee must pay to the commission for deposit in the Minnesota breeders fund under section 240.15, subdivision 1;~~ The licensee shall pay to the commission for deposit in the Minnesota breeders fund 5-1/2 percent of the takeout from all pari-mutuel pools generated by wagering at the licensee's facility on full racing card simulcasts of races not conducted in this state.

(b) From the money set aside for purses, the licensee shall pay to the horseperson's organization representing the majority of the horsepersons racing the breed involved and contracting with the licensee with respect to purses and the conduct of the racing meetings and providing representation to its members, an amount as may be determined by agreement by the licensee and the horsepersons' organization sufficient to provide benevolent programs, benefits, and services for horsepersons and their on-track employees; an amount, sufficient to perform these services, as may be determined by agreement by the licensee and the horseperson's organization. The amount paid may be deducted

only from the money set aside for purses to be paid in races for the breed represented by the horseperson's organization. With respect to racing meetings where more than one breed is racing, the licensee may contract independently with the horseperson's organization representing each breed racing.

(c) Notwithstanding sections 325D.49 to 325D.66, a horseperson's organization representing the majority of the horsepersons racing a breed at a meeting, and the members thereof, may agree to withhold horses during a meeting.

~~(d) Money set aside for purses from wagering, during the racing season, on simulcasts must be used for purses for live races conducted at the licensee's class A facility during the same racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state. Money set aside for purses from wagering, outside of the racing season, on simulcasts must be for purses for live races conducted at the licensee's class A facility during the next racing season, over and above the 8.4 percent purse requirement or any higher requirement to which the parties agree, for races conducted in this state.~~

~~(e)~~ (d) Money set aside for purses from wagering on simulcasts must be used for purses for live races involving the same breed involved in the simulcast except that money set aside for purses and payments to the breeders fund from wagering on ~~full racing card~~ simulcasts of races not conducted in this state, occurring during a live mixed meet, must be allotted to the purses and breeders fund for each breed participating in the mixed meet as agreed upon by the breed organizations participating in the live mixed meet. The agreement shall be in writing and filed with the commission prior to the first day of the live mixed meet. In the absence of a written agreement filed with the commission, the money set aside for purses and payments to the breeders fund from wagering on simulcasts, occurring during a live mixed meet, shall be allotted to each breed participating in the live mixed meet in the same proportion that the number of live races run by each breed bears to the total number of live races conducted during the period of the mixed meet.

~~(f)~~ (e) The allocation of money set aside for purses to particular racing meets may be adjusted, relative to overpayments and underpayments, by contract between the licensee and the horsepersons' organization representing the majority of horsepersons racing the breed involved at the licensee's facility.

~~(g)~~ (f) Subject to the provisions of this chapter, money set aside from pari-mutuel pools for purses must be for the breed involved in the race that generated the pool, except that if the breed involved in the race generating the pari-mutuel pool is not racing in the current racing meeting, or has not raced within the preceding 12 months at the licensee's class A facility, money set aside for purses may be distributed proportionately to those breeds that have run during the preceding 12 months or paid to the commission and used for purses or to promote racing for the breed involved in the race generating the pari-mutuel pool, or both, in a manner prescribed by the commission.

~~(h)~~ (g) This subdivision does not apply to a class D licensee.

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

Sec. 14. Minnesota Statutes 2014, section 240.13, subdivision 6, is amended to read:

Subd. 6. **Simulcasting.** (a) The commission may permit an authorized licensee to conduct simulcasting at the licensee's facility on any day authorized by the commission. All simulcasts

must comply with the Interstate Horse Racing Act of 1978, United States Code, title 15, sections 3001 to 3007.

(b) The commission may not authorize any day for simulcasting at a class A facility during the racing season, and a licensee may not be allowed to transmit out-of-state telecasts of races the licensee conducts, unless the licensee has obtained the approval of the horsepersons' organization representing the majority of the horsepersons racing the breed involved at the licensed racetrack during the preceding 12 months. In the case of a class A facility licensed under section 240.06, subdivision 5a, the approval applicable to the first year of the racetrack's operation may be obtained from the horsepersons' organization that represents the majority of horsepersons who will race the breed involved at the licensed racetrack during the first year of the racetrack's operation.

(c) The licensee may pay fees and costs to an entity transmitting a telecast of a race to the licensee for purposes of conducting pari-mutuel wagering on the race. The licensee may deduct fees and costs related to the receipt of televised transmissions from a pari-mutuel pool on the televised race, provided that one-half of any amount recouped in this manner must be added to the amounts required to be set aside for purses.

(d) With the approval of the commission and subject to the provisions of this subdivision, a licensee may transmit telecasts of races it conducts, for wagering purposes, to locations outside the state, and the commission may allow this to be done on a commingled pool basis.

(e) Except as otherwise provided in this section, simulcasting may be conducted on a ~~separate commingled~~ pool basis or, with the approval of the commission, on a ~~commingled~~ separate pool basis. All provisions of law governing pari-mutuel betting apply to simulcasting except as otherwise provided in this subdivision or in the commission's rules. If pools are commingled, wagering at the licensed facility must be on equipment electronically linked with the equipment at the licensee's class A facility or with the sending racetrack via the totalizator computer at the licensee's class A facility. Subject to the approval of the commission, the types of betting, takeout, and distribution of winnings on commingled pari-mutuel pools are those in effect at the sending racetrack. Breakage for pari-mutuel pools on a televised race must be calculated in accordance with the law or rules governing the sending racetrack for these pools, and must be distributed in a manner agreed to between the licensee and the sending racetrack. Notwithstanding subdivision 7 and section 240.15, subdivision 5, the commission may approve procedures governing the definition and disposition of unclaimed tickets that are consistent with the law and rules governing unclaimed tickets at the sending racetrack. For the purposes of this section, "sending racetrack" is either the racetrack outside of this state where the horse race is conducted or, with the consent of the racetrack, an alternative facility that serves as the racetrack for the purpose of commingling pools.

(f) Except as otherwise provided in section 240.06, subdivision 5b, paragraph (2), if there is more than one class B licensee conducting racing within the seven-county metropolitan area, simulcasting may be conducted only on races run by a breed that ran at the licensee's class A facility within the 12 months preceding the event.

Sec. 15. Minnesota Statutes 2014, section 240.135, is amended to read:

**240.135 CARD CLUB REVENUE.**

(a) From the amounts received from charges authorized under section 240.30, subdivision 4, the licensee shall set aside the amounts specified in this section to be used for purse payments. These

amounts are in addition to the breeders fund and purse requirements set forth elsewhere in this chapter.

(1) For amounts between zero and \$6,000,000, the licensee shall set aside not less than ten percent to be used as purses.

(2) For amounts in excess of \$6,000,000, the licensee shall set aside not less than 14 percent to be used as purses.

(b) From all amounts set aside under paragraph (a), the licensee shall set aside ten percent to be deposited in the breeders fund. ~~The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages different from those stated in this section if the agreement is in writing and filed with the Racing Commission.~~

(c) It is the intent of the legislature that the proceeds of the card playing activities authorized by this chapter be used to improve the horse racing industry by improving purses. The licensee and the horseperson's organization representing the majority of horsepersons who have raced at the racetrack during the preceding 12 months may negotiate percentages that exceed those stated in this section if the agreement is in writing and filed with the commission. The commission shall annually review the financial details of card playing activities and determine if the present use of card playing proceeds is consistent with the policy established by this paragraph. If the commission determines that the use of the proceeds does not comply with the policy set forth herein, then the commission shall direct the parties to make the changes necessary to ensure compliance. If these changes require legislation, the commission shall make the appropriate recommendations to the legislature.

Sec. 16. Minnesota Statutes 2014, section 240.15, subdivision 1, is amended to read:

Subdivision 1. **Taxes imposed.** (a) There is imposed a tax at the rate of six percent of the amount in excess of \$12,000,000 annually withheld from all pari-mutuel pools by the licensee, including breakage and amounts withheld under section 240.13, subdivision 4. For the purpose of this subdivision, "annually" is the period from July 1 to June 30 of the next year.

In addition to the above tax, the licensee must designate and pay to the commission a tax of one percent of the ~~total amount bet on each racing day~~ handle for live races conducted at a class A facility, for deposit in the Minnesota breeders fund.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 240.13, subdivision 4.

(b) The commission may impose an admissions tax of not more than ten cents on each paid admission at a licensed racetrack on a racing day if:

(1) the tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Sec. 17. Minnesota Statutes 2014, section 240.15, subdivision 6, is amended to read:

Subd. 6. **Disposition of proceeds; account.** The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, according to this subdivision. All money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 240.18 except that all money generated by ~~full racing card~~ simulcasts must be distributed as provided in section 240.18, subdivisions 2, paragraph (d), clauses (1), (2), and (3); and 3. Revenue from an admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. Taxes received under this section and fines collected under section 240.22 must be paid to the commissioner of management and budget for deposit in the general fund. All revenues from licenses and other fees imposed by the commission must be deposited in the state treasury and credited to a racing and card playing regulation account in the special revenue fund. Receipts in this account are available for the operations of the commission up to the amount authorized in biennial appropriations from the legislature.

Sec. 18. Minnesota Statutes 2014, section 240.16, subdivision 1, is amended to read:

Subdivision 1. **Powers and duties.** All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission or persons approved by it. The commission shall designate one steward as chair. At least two stewards for all races either shall be employees of the commission who shall serve in the unclassified service, or shall be under contract with the commission to serve as stewards. The commission may delegate the following duties and powers to a board of stewards:

- (a) to ensure that races are run in accordance with the commission's rules;
- (b) to supervise the conduct of racing to ensure the integrity of the sport;
- (c) to settle disputes arising from the running of horse races, and to certify official results;
- (d) to impose on licensees, for violation of law or commission rules, fines not exceeding ~~\$2,000~~ \$5,000 and license suspensions not exceeding 90 days;
- (e) to recommend to the commission where warranted penalties in excess of those in clause (d);
- (f) to otherwise enforce the laws and rules of racing; and
- (g) to perform other duties and have other powers assigned by the commission.

Sec. 19. Minnesota Statutes 2014, section 240.22, is amended to read:

**240.22 FINES.**

(a) The commission shall by rule establish a graduated schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must include minimum and maximum fines for each violation and be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and except as provided in paragraph (b), forwarded to the commissioner of management and budget for deposit in the general fund. A fine in excess of ~~\$2,000~~ \$5,000 is a contested case under the Administrative Procedure Act.

(b) If the commission is the prevailing party in a contested case proceeding, the commission may recover, from amounts to be forwarded under paragraph (a), reasonable attorney fees and costs associated with the contested case.

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

Sec. 20. Minnesota Statutes 2014, section 240.23, is amended to read:

**240.23 RULEMAKING AUTHORITY.**

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this chapter to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire wired and wireless communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts;

(i) affirmative action in employment and contracting by class A, class B, and class D licensees;  
and

(j) procedures for the sampling and testing of any horse that is eligible to race in Minnesota for substances or practices that are prohibited by law or rule; and

(k) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

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

Sec. 21. Minnesota Statutes 2014, section 364.09, is amended to read:

**364.09 EXCEPTIONS.**

(a) This chapter does not apply to the licensing process for peace officers; to law enforcement agencies as defined in section 626.84, subdivision 1, paragraph (f); to fire protection agencies; to eligibility for a private detective or protective agent license; to the licensing and background study process under chapters 245A and 245C; to the licensing and background investigation process under chapter 240; to eligibility for school bus driver endorsements; to eligibility for special

transportation service endorsements; to eligibility for a commercial driver training instructor license, which is governed by section 171.35 and rules adopted under that section; to emergency medical services personnel, or to the licensing by political subdivisions of taxicab drivers, if the applicant for the license has been discharged from sentence for a conviction within the ten years immediately preceding application of a violation of any of the following:

(1) sections 609.185 to 609.2114, 609.221 to 609.223, 609.342 to 609.3451, or 617.23, subdivision 2 or 3; or Minnesota Statutes 2012, section 609.21;

(2) any provision of chapter 152 that is punishable by a maximum sentence of 15 years or more; or

(3) a violation of chapter 169 or 169A involving driving under the influence, leaving the scene of an accident, or reckless or careless driving.

This chapter also shall not apply to eligibility for juvenile corrections employment, where the offense involved child physical or sexual abuse or criminal sexual conduct.

(b) This chapter does not apply to a school district or to eligibility for a license issued or renewed by the Board of Teaching or the commissioner of education.

(c) Nothing in this section precludes the Minnesota Police and Peace Officers Training Board or the state fire marshal from recommending policies set forth in this chapter to the attorney general for adoption in the attorney general's discretion to apply to law enforcement or fire protection agencies.

(d) This chapter does not apply to a license to practice medicine that has been denied or revoked by the Board of Medical Practice pursuant to section 147.091, subdivision 1a.

(e) This chapter does not apply to any person who has been denied a license to practice chiropractic or whose license to practice chiropractic has been revoked by the board in accordance with section 148.10, subdivision 7.

(f) This chapter does not apply to any license, registration, or permit that has been denied or revoked by the Board of Nursing in accordance with section 148.261, subdivision 1a.

(g) This chapter does not supersede a requirement under law to conduct a criminal history background investigation or consider criminal history records in hiring for particular types of employment.

Sec. 22. **REVISOR'S INSTRUCTION.**

(a) The revisor of statutes shall renumber the subdivisions in Minnesota Statutes, section 240.01, to put the definitions contained in that section in alphabetical order.

(b) The revisor of statutes shall correct any cross-references in Minnesota Statutes and Minnesota Rules as a result of the renumbering in paragraph (a).

Sec. 23. **REPEALER.**

Minnesota Statutes 2014, section 240.01, subdivisions 12 and 23, are repealed."

Delete the title and insert:

"A bill for an act relating to the operation of state government; appropriating money for the legislature, governor's office, state auditor, attorney general, secretary of state, certain agencies,

boards, councils, retirement funds, military affairs, and veterans affairs; cancellation of certain appropriations; requiring general incentive proposals for review by the legislative auditor; allowing counties to elect to have an audit conducted by a CPA firm; changing the signature requirement for phone records of certain public officials; creating three ethnic councils; allowing prepay for certain software and information technology hosting services; changing provisions on report on budget reserve percentage; providing reimbursement for reasonable accommodation; modifying grant agreement provisions; making changes to guaranteed energy-savings program, small business requirements, and veteran-owned small businesses; establishing healthy eating, here at home program; establishing expedited and temporary licensing for former and current members of the military for certain occupations; changing certain provisions governing cosmetology; assessing certain costs for Office of Administrative Hearings; requirements for reinstatement of a foreign corporation; making changes to provisions governing public benefit corporations; modifying provisions for accountants; changing certain requirements for corporations; modifying gambling provisions; limiting railroad condemnation powers in certain interests; modifying debt service provision for legislative parking garage; requiring some room numbers on signage in the Capitol to identify legacy rooms; providing in-lieu of rent evaluation; allowing board of cosmetology to adopt rules; specifying political contribution credit; specifying state agency technology projects; requiring the legislative auditor to evaluate the efficacy of the state auditor's examinations; requiring a report on reduction of chief information officers in state agencies; making changes to provisions governing military and veterans affairs; changing provisions governing pari-mutuel horse racing; setting certain fees; requiring reports; amending Minnesota Statutes 2014, sections 3.8843, subdivision 5; 10.43; 16A.065; 16A.152, subdivision 8; 16B.97, subdivision 1; 16B.98, subdivisions 1, 11; 16C.144; 16C.16, subdivisions 2, 6a, by adding a subdivision; 16C.19; 148.57, by adding a subdivision; 148.624, subdivision 5; 148B.33, by adding a subdivision; 148B.53, by adding a subdivision; 148B.5301, by adding a subdivision; 148F.025, by adding a subdivision; 153.16, subdivisions 1, 4; 154.003; 154.11, subdivision 3; 155A.21; 155A.23, subdivision 8, by adding subdivisions; 155A.24, subdivision 2; 155A.25, subdivisions 1a, 5, by adding subdivisions; 155A.27, subdivisions 1, 2, 5a; 155A.271; 155A.29, subdivisions 1, 2, by adding a subdivision; 155A.30, subdivisions 5, 10; 161.1419, subdivision 8; 190.19, subdivisions 2a, 3; 192.38, subdivision 1; 192.501, by adding a subdivision; 197.133; 197.46; 198.01; 211B.37; 240.01, subdivision 22, by adding subdivisions; 240.011; 240.03; 240.08, subdivisions 2, 4, 5; 240.10; 240.13, subdivisions 5, 6; 240.135; 240.15, subdivisions 1, 6; 240.16, subdivision 1; 240.22; 240.23; 272.484; 303.19; 304A.301, subdivisions 1, 5, 6, by adding a subdivision; 326A.01, subdivisions 2, 12, 13a, 15, 16; 326A.02, subdivisions 3, 5; 326A.05, subdivisions 1, 3; 326A.08, subdivision 7; 326A.10; 336A.09, subdivision 1; 349.16, subdivision 6a; 349.161, subdivision 4; 349.163, subdivisions 2, 6; 349.166, subdivision 2; 364.09; Laws 2013, chapter 142, article 1, section 10; Laws 2014, chapter 287, section 25; proposing coding for new law in Minnesota Statutes, chapters 3; 6; 15; 16B; 138; 197; 383B; repealing Minnesota Statutes 2014, sections 3.9223; 3.9225; 3.9226, subdivisions 1, 2, 3, 4, 5, 6, 7; 6.48; 155A.23, subdivision 6; 197.131; 197.132; 240.01, subdivisions 12, 23; 375.23."

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

Senate Conferees: Tom Saxhaug, Melissa H. Wiklund, James P. Metzen

House Conferees: Sarah Anderson, Tony Albright, Tim O'Driscoll, Bob Loonan

Senator Saxhaug moved that the foregoing recommendations and Conference Committee Report on S.F. No. 888 be now adopted, and that the bill be repassed as amended by the Conference Committee.

### CALL OF THE SENATE

Senator Tomassoni imposed a call of the Senate for the balance of the proceedings on S.F. No. 888. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Saxhaug motion.

The roll was called, and there were yeas 45 and nays 20, as follows:

Those who voted in the affirmative were:

Anderson	Dziedzic	Jensen	Ortman	Skoe
Bakk	Eken	Johnson	Osmek	Sparks
Benson	Fischbach	Kiffmeyer	Pederson, J.	Stumpf
Bonoff	Gazelka	Koenen	Pratt	Thompson
Carlson	Hall	Latz	Rest	Tomassoni
Chamberlain	Hann	Lourey	Rosen	Weber
Clausen	Hayden	Metzen	Saxhaug	Westrom
Cohen	Hoffman	Miller	Schmit	Wiger
Dahms	Ingebrigtsen	Nelson	Senjem	Wiklund

Those who voted in the negative were:

Champion	Franzen	Limmer	Pappas	Scalze
Dahle	Goodwin	Marty	Petersen, B.	Sheran
Dibble	Hawj	Newman	Reinert	Sieben
Eaton	Kent	Nienow	Ruud	Torres Ray

The motion prevailed. So the recommendations and Conference Committee report were adopted.

S.F. No. 888 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 44 and nays 21, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Ortman	Sieben
Bonoff	Eken	Kent	Osmek	Skoe
Carlson	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Champion	Franzen	Koenen	Rest	Stumpf
Clausen	Gazelka	Latz	Rosen	Tomassoni
Cohen	Hayden	Lourey	Saxhaug	Weber
Dahle	Hoffman	Metzen	Schmit	Wiger
Dahms	Ingebrigtsen	Miller	Senjem	Wiklund
Dibble	Jensen	Nelson	Sheran	

Those who voted in the negative were:

Anderson	Hall	Newman	Reinert	Westrom
Benson	Hann	Nienow	Ruud	
Chamberlain	Hawj	Pappas	Scalze	
Eaton	Limmer	Petersen, B.	Thompson	
Goodwin	Marty	Pratt	Torres Ray	

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

**MOTIONS AND RESOLUTIONS - CONTINUED****RECONSIDERATION**

Having voted on the prevailing side, Senator Sheran moved that the vote whereby H.F. No. 1535 was passed by the Senate on May 17, 2015, be now reconsidered. The motion prevailed. So the vote was reconsidered.

**H.F. No. 1535:** A bill for an act relating to human services; providing for human services policy modifications relating to children and family services, chemical and mental health services, direct care and treatment, operations, health care, and continuing care; making changes to child care assistance programs, home and community-based services standards, medical assistance, the alternative care program, Northstar Care for Children, children's therapeutic services and supports, human services licensing provisions, and the community first services and supports program; modifying requirements for background studies; extending a council; modifying the Minnesota Indian Family Preservation Act; making changes to provisions governing child out-of-home placement; modifying reporting requirements for maltreatment of children and vulnerable adults; making technical changes; requiring reports; modifying requirements for administrative sanctions and hearings; authorizing rulemaking; providing criminal penalties; amending Minnesota Statutes 2014, sections 62J.495, subdivision 1; 119B.011, subdivision 16; 119B.025, subdivision 1; 119B.09, subdivision 9; 119B.125, subdivisions 1, 6, by adding subdivisions; 144.0724, subdivision 12; 148E.065, subdivision 4a; 168.012, subdivision 1; 245.462, subdivision 4; 245A.02, subdivision 13, by adding subdivisions; 245A.035, subdivisions 1, 5; 245A.04, subdivision 15a; 245A.07, subdivisions 2, 2a; 245A.11, subdivision 4; 245A.12; 245A.13; 245A.14, subdivision 14; 245A.148; 245A.16, subdivision 1; 245A.175; 245A.1915; 245A.192, subdivisions 3, 5, 10, 11, by adding subdivisions; 245A.40, subdivisions 3, 4, 5; 245A.50, subdivision 1; 245C.02, subdivision 2; 245C.04, subdivisions 4, 5, 6; 245C.05, subdivision 1; 245C.07; 245C.10, subdivision 10, by adding a subdivision; 245C.20, subdivision 2, by adding a subdivision; 245C.22, subdivision 7; 245D.10, subdivision 3, by adding a subdivision; 245E.01, subdivision 8, by adding a subdivision; 245E.02, subdivisions 1, 4, by adding a subdivision; 245E.06, subdivisions 2, 3; 253B.212, subdivision 2, by adding a subdivision; 254B.05, subdivision 5; 256.01, subdivisions 4, 14b; 256.045, subdivisions 3, 6; 256.975, subdivision 7; 256.98, subdivision 1; 256B.0625, subdivision 31, by adding a subdivision; 256B.0911, subdivisions 1a, 2b, 3, 3a; 256B.0913, subdivisions 4, 5, 5a, 6, 10, 11, 12, by adding a subdivision; 256B.0943, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 11; 256B.0946, subdivision 1; 256B.0947, subdivision 7a; 256B.85; 256N.02, subdivision 18; 256N.23, subdivision 6; 257.85, subdivision 3; 259A.01, subdivision 25; 259A.10, subdivision 6; 260.755, subdivisions 8, 14, by adding subdivisions; 260.761, subdivisions 1, 2; 260.771, subdivision 3, by adding subdivisions; 260B.007, subdivision 12; 260C.007, subdivision 27, by adding a subdivision; 260C.168; 260C.178, subdivision 1; 260C.201, subdivision 5; 260C.212, subdivisions 1, 2; 260C.511; 268.155, subdivision 1; 402A.12; 402A.16, subdivisions 2, 4; 402A.18; 471.346; 609.821; 626.556, subdivisions 10, 11d; 626.557, subdivisions 9a, 9b, 10; 626.5572, subdivisions 5, 6, 21; Laws 2013, chapter 108, article 7, section 58; proposing coding for new law in Minnesota Statutes, chapters 245; 245A; 256; 256B; 260; 609; repealing Minnesota Statutes 2014, sections 245D.061, subdivision 3; 245E.07, subdivision 3; 256B.0911, subdivision 6a; Minnesota Rules, parts 9505.0175, subpart 32; 9505.0365, subpart 2; 9505.1696, subpart 10; 9505.1709; 9535.2000; 9535.2100; 9535.2200; 9535.2300; 9535.2400; 9535.2500; 9535.2600; 9535.2700; 9535.2800; 9535.2900; 9535.3000; 9555.7400; 9555.7500.

Senator Sheran moved to amend H.F. No. 1535 as follows:

Page 115, delete section 1 and insert:

"Section 1. Minnesota Statutes 2014, section 62J.495, subdivision 1, is amended to read:

Subdivision 1. **Implementation.** By January 1, 2015, all hospitals and health care providers, as defined in section 62J.03, subdivision 8, must have in place an interoperable electronic health records system within their hospital system or clinical practice setting. The commissioner of health, in consultation with the e-Health Advisory Committee, shall develop a statewide plan to meet this goal, including uniform standards to be used for the interoperable system for sharing and synchronizing patient data across systems. The standards must be compatible with federal efforts. The uniform standards must be developed by January 1, 2009, and updated on an ongoing basis. The commissioner shall include an update on standards development as part of an annual report to the legislature. Individual health care providers in private practice with no other providers and health care providers that do not accept reimbursement from a group purchaser, as defined in section 62J.03, subdivision 6, are excluded from the requirements of this section."

The motion prevailed. So the amendment was adopted.

H.F. No. 1535 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 61 and nays 1, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Hayden

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

### MOTIONS AND RESOLUTIONS - CONTINUED

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

**MESSAGES FROM THE HOUSE**

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 205, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 205:** A bill for an act relating to campaign finance; modifying provisions related to the campaign finance and public disclosure board; making changes to provisions related to enforcement, registration, fees, data, contributions, statements of economic interest, and various other provisions administered by the board; providing penalties; making technical changes; amending Minnesota Statutes 2014, sections 10A.02, subdivision 11; 10A.03, subdivision 3; 10A.08, subdivision 1; 10A.09, subdivisions 6, 10; 10A.14, subdivisions 1, 1a, 4; 10A.17, subdivision 4; 10A.20, subdivisions 1, 2, 3; 10A.25, subdivision 10; 10A.27, subdivisions 1, 11, by adding a subdivision; 10A.322, subdivision 4; 10A.34, by adding a subdivision; 13.607, subdivision 5, by adding a subdivision; 211B.04; 211B.12; 211B.15, subdivision 2; repealing Minnesota Statutes 2014, section 10A.20, subdivision 1c; Minnesota Rules, part 4503.1500, subpart 2.

Senate File No. 205 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 18, 2015

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1647, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 1647:** A bill for an act relating to transportation; amending various provisions related to transportation and public safety policies, including data practices and storage; motor carriers; traffic regulation modifications; parking signs; advertising devices; permits and licenses; vehicle equipment; mini truck operation; railroad liability, powers, and crossing by utilities; rail event response preparedness; minimum train crew size; drive away in-transit licenses; road design; engine compression regulation by city of St. Paul; turnbacks; bikeways; subcontracting goals; reporting requirements and alternative damages appraisal for transportation projects; amending Minnesota Statutes 2014, sections 13.69, subdivision 1; 13.72, by adding a subdivision; 160.18, by adding a subdivision; 160.20, subdivision 4; 160.232; 160.266, subdivisions 2, 3, by adding subdivisions; 161.088, subdivisions 3, 4, 5; 161.321, subdivisions 2a, 2c, 4; 161.368; 168.33, subdivision 2; 169.06, subdivision 4a; 169.18, subdivision 12; 169.475, subdivision 1; 169.49; 169.782, subdivisions 1, 2, 4; 169.791, subdivisions 1, 2; 169.81, by adding a subdivision; 171.02, by adding a subdivision; 171.06, subdivision 3; 171.061, subdivision 3; 171.07, subdivision 1b; 173.02, by adding a subdivision; 173.15; 174.03, subdivisions 10, 11; 174.12, subdivision 5; 174.40, by adding a subdivision; 174.52, subdivisions 4a, 5; 219.76; 219.761; 221.031, by adding a subdivision; 221.605, by adding a subdivision; 299D.085, subdivision 2; 473.146, subdivision 4; Laws 2009, chapter 158, section 10, as amended; Laws 2014, chapter 312, article 10, section 11,

subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 161; 219; 237; 383B; 473.

Senate File No. 1647 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 18, 2015

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 846, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 846 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 18, 2015

#### **CONFERENCE COMMITTEE REPORT ON H. F. NO. 846**

A bill for an act relating to state government; appropriating money for environment and natural resources; modifying public entity purchasing requirements; modifying solid waste provisions; modifying subsurface sewage treatment systems provisions; modifying compensable losses due to harmful substances; modifying invasive species provisions; modifying state parks and trails provisions; modifying requirements for fire training; modifying auxiliary forest provisions; modifying recreational vehicle provisions; providing for all-terrain vehicle safety training indication on drivers' licenses and identification cards; modifying and providing for certain fees; creating and modifying certain accounts; providing for and modifying certain grants; modifying disposition of certain revenue; modifying certain permit provisions; providing for condemnation of certain school trust lands; modifying Water Law; providing for certain enforcement delay; modifying personal flotation device provisions; regulating wake surfing; modifying game and fish laws; modifying Metropolitan Area Water Supply Advisory Committee and specifying duties; providing for Minnesota Pollution Control Agency Citizens' Board; prohibiting sale of certain personal care products containing synthetic plastic microbeads; requiring reports; requiring rulemaking; amending Minnesota Statutes 2014, sections 16A.531, subdivision 1a; 16C.073, subdivision 2; 84.415, subdivision 7; 84.788, subdivision 5, by adding a subdivision; 84.82, subdivision 6; 84.84; 84.92, subdivisions 8, 9, 10; 84.922, subdivision 4; 84.925, subdivision 5; 84.9256, subdivision 1; 84.928, subdivision 1; 84D.01, subdivisions 13, 15, 17, 18, by adding a subdivision; 84D.03, subdivision 3; 84D.06; 84D.10, subdivision 3; 84D.11, subdivision 1; 84D.12, subdivisions 1, 3; 84D.13, subdivision 5; 84D.15, subdivision 3; 85.015, subdivision 28, by adding a subdivision; 85.054, subdivision 12; 85.32, subdivision 1; 86B.313, subdivisions 1, 4; 86B.315; 86B.401, subdivision 3; 88.17, subdivision 3; 88.49, subdivisions 3, 4, 5, 6, 7, 8, 9, 11; 88.491, subdivision 2; 88.50; 88.51, subdivisions 1, 3; 88.52, subdivisions 2, 3, 4, 5, 6; 88.523; 88.53, subdivisions 1, 2; 88.6435, subdivision 4; 90.14; 90.193; 94.10, subdivision 2; 94.16, subdivisions 2, 3; 97A.045, subdivision 11; 97A.057, subdivision 1; 97A.435, subdivision 4; 97A.465, by adding a subdivision; 97B.063; 97B.081, subdivision 3; 97B.085, subdivision 2; 97B.301, by

adding a subdivision; 97B.668; 97C.005, subdivision 1, by adding a subdivision; 97C.301, by adding a subdivision; 97C.345, by adding a subdivision; 97C.501, subdivision 2; 103B.101, by adding a subdivision; 103B.3355; 103F.612, subdivision 2; 103G.005, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.2242, subdivisions 1, 2, 3, 4, 12, 14; 103G.2251; 103G.245, subdivision 2; 103G.271, subdivisions 3, 5, 6a; 103G.287, subdivisions 1, 2; 103G.291, subdivision 3; 103G.301, subdivision 5a; 115.03, by adding a subdivision; 115.073; 115.55, subdivisions 1, 3; 115.56, subdivision 2; 115A.03, subdivision 25a; 115A.551, subdivision 2a; 115A.557, subdivision 2; 115A.93, subdivision 1; 115B.34, subdivision 2; 115C.05; 116.02; 116.03, subdivision 1; 116.07, subdivisions 4d, 4j, 7, by adding a subdivision; 116D.04, by adding a subdivision; 144.12, by adding a subdivision; 171.07, by adding a subdivision; 282.011, subdivision 3; 446A.073, subdivisions 1, 3, 4; 473.1565; Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended; Laws 2014, chapter 312, article 12, section 6, subdivision 5; proposing coding for new law in Minnesota Statutes, chapters 84; 84D; 85; 92; 97A; 97B; 103B; 103G; 114C; 115; 115A; 325E; repealing Minnesota Statutes 2014, sections 84.68; 86B.13, subdivisions 2, 4; 88.47; 88.48; 88.49, subdivisions 1, 2, 10; 88.491, subdivision 1; 88.51, subdivision 2; 97A.475, subdivision 25; 97B.905, subdivision 3; 116.02, subdivisions 7, 8, 10; 282.013; 477A.19; Minnesota Rules, part 6264.0400, subparts 27, 28.

May 17, 2015

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

The Honorable Sandra L. Pappas  
President of the Senate

We, the undersigned conferees for H. F. No. 846 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 846 be further amended as follows:

Delete everything after the enacting clause and insert:

## **"ARTICLE 1**

### **AGRICULTURE APPROPRIATIONS**

#### Section 1. **AGRICULTURE 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 "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

#### **APPROPRIATIONS**

#### **Available for the Year**

#### **Ending June 30**

**2016**

**2017**



\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

\$225,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for animals that were destroyed or crippled during fiscal years 2014 and 2015. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$125,000 the first year and \$125,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$70,000 the first year and \$70,000 the second year are for additional cannery inspections.

\$100,000 the first year and \$100,000 the second year are for increased oversight of delegated local health boards.

\$100,000 the first year and \$100,000 the second year are to decrease the turnaround time for retail food handler plan reviews.

\$1,024,000 the first year and \$1,024,000 the second year are to streamline the retail food safety regulatory and licensing experience for regulated businesses and to decrease the inspection delinquency rate.

\$1,350,000 the first year and \$1,350,000 the second year are for additional inspections of food manufacturers and wholesalers.

\$150,000 the first year and \$150,000 the second year are for additional funding for dairy inspection services.

\$150,000 the first year and \$150,000 the second year are for additional funding for laboratory services operations.

\$250,000 the first year and \$250,000 the second year are for additional meat inspection services, including inspections provided under the correctional facility vocational training pilot program.

Notwithstanding Minnesota Statutes, section 18B.05, \$90,000 the first year and \$90,000 the second year are from the pesticide regulatory account in the agricultural fund for an increase in the operating budget for the Laboratory Services Division.

\$100,000 the first year and \$100,000 the second year are from the pesticide regulatory account in the agricultural fund to update and modify applicator education and training materials.

**Subd. 3. Agricultural Marketing and Development**

3,973,000

3,873,000

The commissioner may provide one-stop access for farmers in need of information or assistance to obtain or renew licenses, meet state regulatory requirements, or resolve disputes with state agencies.

The commissioner must provide outreach to urban farmers regarding the department's financial and technical assistance programs and must assist urban farmers in applying for assistance.

\$100,000 the first year is to (1) enhance the commissioner's efforts to identify existing and emerging opportunities for Minnesota's agricultural producers and processors to export their products to Cuba, consistent with federal law, and (2) effectively communicate these opportunities to the producers and processors.

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for Minnesota grown grants in this paragraph are available until June 30, 2019.

\$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance for persons transitioning from conventional to organic agriculture.

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

15,018,000

18,985,000

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

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding.

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning

livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power

from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

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

administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical assistance and appropriate technology,

including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

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

**Subd. 5. Administration and Financial Assistance**

6,067,000

6,252,000

\$150,000 the first year and \$150,000 the second year are for grants to the Center for Rural Policy and Development.

The base for the farm-to-foodshelf program in fiscal years 2018 and 2019 is \$1,100,000 each year.

\$25,000 the first year is for the livestock industry study.

\$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association.

\$235,000 the first year and \$235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership

Council for programs of the council under Minnesota Statutes, chapter 41D.

\$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

\$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

\$108,000 the first year and \$108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research.

\$550,000 the first year and \$550,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the



appropriation may also be used to conduct serology sampling, in consultation with the Board of Animal Health and the University of Minnesota Pomeroy Chair in Avian Health, from birds within a control zone and outside of a control zone. This appropriation is available the day following final enactment until June 30, 2017.

(e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the commissioner of public safety to operate the State Emergency Operation Center in coordination with the statewide avian influenza response activities. Appropriations under this paragraph may also be used to support a staff person at the state's agricultural incident command post in Willmar. This appropriation is available the day following final enactment until June 30, 2017.

(f) The commissioner of management and budget may transfer unexpended balances from the appropriations in this section to any state agency for operating expenses related to avian influenza emergency response activities. The commissioner of management and budget must report each transfer to the chairs and ranking minority members of the senate Committee on Finance and the house of representatives Committee on Ways and Means.

**Sec. 6. RURAL FINANCE AUTHORITY; APPROPRIATION.**

\$10,000,000 is appropriated in fiscal year 2016 from the general fund to the commissioner of agriculture for transfer to the rural finance authority revolving loan account under Minnesota Statutes, section 41B.06, for the purposes of disaster recovery loans under Minnesota Statutes, section 41B.047. This appropriation is available the day following final enactment until June 30, 2017.

**Sec. 7. AVIAN INFLUENZA; FEDERAL FUNDS APPROPRIATION AND REPORTING.**

All federal money received in fiscal years 2015 through 2017 by the Board of Animal Health or the commissioner of agriculture, health, natural resources, or public safety to address avian influenza is appropriated in the fiscal year when it is received. Before spending federal funds appropriated in this section, the commissioner of management and budget shall report the anticipated federal funds appropriated under this section and their intended purpose to the Legislative Advisory Commission, consistent with the urgent federal funds request procedure under Minnesota Statutes, section 3.3005, subdivision 4. By January 15, 2018, the commissioner of management and budget shall report the actual federal funds received and appropriated under this section and their actual use to the Legislative Advisory Commission.

**Sec. 8. EFFECTIVE DATE.**

Sections 5 to 7 are effective the day following final enactment.

**ARTICLE 2**

**AGRICULTURE POLICY**

Section 1. Minnesota Statutes 2014, section 3.737, is amended by adding a subdivision to read:

Subd. 6. **Federal reimbursement.** The commissioner must pursue federal reimbursement for any compensation payment issued under this section while:

(1) the United States Fish and Wildlife Service lists the Minnesota population of gray wolves as endangered and threatened wildlife under the federal Endangered Species Act; or

(2) the federal government otherwise prohibits livestock producers from protecting their livestock from wolf depredation.

Sec. 2. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

Subdivision 1. **Department of Agriculture data.** (a) **Loan and grant applicant data.** The following data on applicants, collected by the Department of Agriculture in its sustainable agriculture ~~revolving loan and grant programs program~~ program under ~~sections 17.115 and section 17.116,~~ are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.

(b) **Farm advocate data.** The following data supplied by farmer clients to Minnesota farm advocates and to the Department of Agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.

Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read:

Subd. 28. **Structural pest.** "Structural pest" means ~~a an invertebrate pest, other than a plant, or commensal rodent in, on, under, or near a structure~~ such as a residential or commercial building.

Sec. 4. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read:

Subd. 29. **Structural pest control.** "Structural pest control" means the control of any structural pest through the ~~use of a device, a procedure, or application of pesticides~~ or through other means in or around a building or other structures, including trucks, boxcars, ships, aircraft, docks, and fumigation vaults, ~~and the business activity related to use of a device, a procedure, or application of a pesticide.~~

Sec. 5. Minnesota Statutes 2014, section 18B.05, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** A pesticide regulatory account is established in the agricultural fund. Fees, assessments, and penalties collected under this chapter must be deposited in the agricultural fund and credited to the pesticide regulatory account. Money in the account, including interest, is appropriated to the commissioner for the administration and enforcement of this chapter and up to \$20,000 per fiscal year may also be used by the commissioner for purposes of section 18H.14, paragraph (e).

Sec. 6. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not engage in structural pest control applications:

(1) for hire without a structural pest control license; and

(2) as a sole proprietorship, company, partnership, or corporation unless the person is or employs a licensed master in structural pest control operations.

(b) A structural pest control licensee must have a valid license identification card ~~when applying to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand~~ by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

~~(c) Notwithstanding the licensing requirements of this subdivision, a person may control the following nuisance or economically damaging wild animals, by trapping, without a structural pest control license:~~

~~(1) fur-bearing animals, as defined in section 97A.015, with a valid trapping license or special permit from the commissioner of natural resources; and~~

~~(2) skunks, woodchucks, gophers, porcupines, coyotes, moles, and weasels.~~

Sec. 7. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card ~~when applying to purchase a restricted use pesticide or apply pesticides~~ for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

Sec. 8. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

Sec. 9. Minnesota Statutes 2014, section 18C.425, subdivision 6, is amended to read:

Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall pay the inspection fee to the commissioner.

(b) The person licensed under section 18C.415 who distributes a fertilizer to a person not required to be so licensed shall pay the inspection fee to the commissioner, except as exempted under section 18C.421, subdivision 1, paragraph (b).

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of ~~30~~ 39 cents per ton, and until June 30, 2019, an additional 40 cents per ton, of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit all revenue from the additional 40 cent per ton fee in the agricultural fertilizer research and education account in section 18C.80. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

(d) A registrant or licensee must retain invoices showing proof of fertilizer, plant amendment, or soil amendment distribution amounts and inspection fees paid for a period of three years.

Sec. 10. Minnesota Statutes 2014, section 18C.70, subdivision 2, is amended to read:

Subd. 2. **Powers and duties.** The council must review applications and select projects to receive agricultural fertilizer research and education program grants, as authorized in section 18C.71. The council must establish a program to provide grants to research, education, and technology transfer projects related to agricultural fertilizer, soil amendments, and plant amendments. For the purpose of this section, "fertilizer" includes soil amendments and plant amendments, but does not include vegetable or animal manures that are not manipulated. The commissioner is responsible for all fiscal and administrative duties in the first year and may use up to eight percent of program revenue to offset costs incurred. ~~No later than October 1, 2007, the commissioner must provide the council with an estimate of the annual costs the commissioner would incur in administering the program.~~

Sec. 11. **[18C.80] AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION ACCOUNT.**

Subdivision 1. **Account; appropriation.** An agricultural fertilizer research and education account is established in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner for grants determined by the Minnesota Agricultural Fertilizer Research and Education Council under section 18C.71. The commissioner may use up to \$80,000 each fiscal year for direct costs incurred to provide fiscal and administrative support to the council as required under section 18C.70, subdivision 2. The commissioner may also recover associated indirect costs from the account as required under section 16A.127.

Subd. 2. **Expiration.** This section expires June 30, 2020.

Sec. 12. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

Subd. 3. **Cooperative agreements.** The commissioner may enter into cooperative agreements with federal and state agencies for administration of the export certification program. ~~An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner.~~

Sec. 13. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:

Subd. 4. **Phytosanitary and export certificates.** An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner. Application for phytosanitary certificates or export certificates must be made on forms provided or approved by the commissioner. The commissioner shall may conduct inspections of plants, plant products, or facilities for persons that have applied for or intend to apply for a phytosanitary certificate or export certificate from the commissioner. ~~Inspections must include one or more of the following as requested or required:~~

~~(1) an inspection of the plants or plant products intended for export under a phytosanitary certificate or export certificate;~~

~~(2) field inspections of growing plants to determine presence or absence of plant diseases, if necessary;~~

~~(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;~~

~~(4) observation and evaluation of procedures and facilities utilized in handling plants and plant products, if necessary; and~~

~~(5) review of United States Department of Agriculture, Federal Grain Inspection Service Official Export Grain Inspection Certificate logs.~~

The commissioner may issue a phytosanitary certificate or export certificate if the plants or plant products satisfactorily meet the requirements of the importing foreign country and the United States Department of Agriculture requirements. The requirements of the destination countries must be met by the applicant.

Sec. 14. Minnesota Statutes 2014, section 18G.10, subdivision 5, is amended to read:

Subd. 5. **Certificate fees.** ~~(a) The commissioner shall assess the fees in paragraphs (b) to (f) fees sufficient to recover all costs for the inspection, service, and work performed in carrying out the issuance of a phytosanitary certificate or export certificate. The inspection fee must be based on mileage and inspection time.~~

~~(b) Mileage charge: current United States Internal Revenue Service mileage rate.~~

~~(c) Inspection time: \$50 per hour minimum or fee necessary to cover department costs. Inspection time includes the driving time to and from the location in addition to the time spent conducting the inspection.~~

~~(d) (b) If laboratory analysis or other technical analysis is required to issue a certificate, the commissioner must set and collect the fee to recover this additional cost.~~

~~(e) (c) The certificate fee for product value greater than \$250: is \$75 or a fee amount, not to exceed \$300, that is sufficient to recover all processing costs for each phytosanitary or export certificate issued for any single shipment valued at more than \$250 in addition to any mileage or inspection time charges that are assessed.~~

~~(f) Certificate fee for product value less than \$250: \$25 for each phytosanitary or export certificate issued for any single shipment valued at less than \$250 in addition to any mileage or inspection time charges that are assessed.~~

~~(g) (d) For services provided for in subdivision 7 that are goods and services provided for the direct and primary use of a private individual, business, or other entity, the commissioner must set and collect the fees to cover the cost of the services provided.~~

Sec. 15. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

Subd. 20. **Nursery stock.** "Nursery stock" means a plant intended for planting or propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts, cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable parts of these plants. Nursery stock does not include:

- ~~(1) field and forage crops or sod;~~
- ~~(2) the seeds of grasses, cereal grains, vegetable crops, and flowers;~~
- ~~(3) vegetable plants, bulbs, or tubers;~~
- ~~(4) cut flowers, unless stems or other portions are intended for propagation;~~

(5) annuals; or

(6) Christmas trees.

Sec. 16. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:

Subd. 32a. **Sod.** "Sod" means the upper portion of soil that contains the roots of grasses and the living grass plants.

Sec. 17. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:

Subd. 35. **Tropical plant.** "Tropical plant" means a plant that has a United States Department of Agriculture hardiness zone designation of zone 6 or greater, or an annual minimum hardiness temperature of -9 degrees Fahrenheit.

Sec. 18. Minnesota Statutes 2014, section 18H.06, subdivision 2, is amended to read:

Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock ~~dealer~~ certificate if:

(1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

(2) all nursery stock sold or distributed by the individual is intended for planting in Minnesota;

(3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and

(4) the individual conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.

(b) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 19. Minnesota Statutes 2014, section 18H.07, is amended to read:

#### **18H.07 FEE SCHEDULE.**

Subdivision 1. **Establishment of fees.** The commissioner shall establish fees sufficient to allow for the administration and enforcement of this chapter and rules adopted under this chapter, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule annually in consultation with the Minnesota Nursery and Landscape Advisory Committee. For the certificate year beginning January 1, 2006, the fees are as described in this section.

Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown ~~for certification~~ as follows:

(1) less than one-half acre, \$150;

(2) from one-half acre to two acres, \$200;

(3) over two acres up to five acres, \$300;

(4) over five acres up to ten acres, \$350;

(5) over ten acres up to 20 acres, \$500;

- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not postmarked by December 31 of the current year.

(c) A nursery stock grower found operating without a valid nursery stock grower certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

**Subd. 3. Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of certified nursery stock per location during the most recent certificate year. A certificate applicant operating for the first time must pay the minimum fee. The fees per sales location are:

- (1) gross sales up to \$5,000, \$150;
- (2) gross sales over \$5,000 up to \$20,000, \$175;
- (3) gross sales over \$20,000 up to \$50,000, \$300;
- (4) gross sales over \$50,000 up to \$75,000, \$425;
- (5) gross sales over \$75,000 up to \$100,000, \$550;
- (6) gross sales over \$100,000 up to \$200,000, \$675; and
- (7) gross sales over \$200,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not postmarked by December 31 of the current year.

(c) A nursery stock dealer found operating without a valid nursery stock dealer certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a new certificate is issued to the nursery stock dealer by the commissioner.

**Subd. 4. Reinspection; additional or optional inspection fees.** If a reinspection is required or an additional inspection is needed or requested a fee must be assessed based on mileage and inspection time as follows:

- (1) mileage must be charged at the current United States Internal Revenue Service reimbursement rate; and

(2) inspection time must be charged at ~~the rate of \$50 per hour~~ a rate sufficient to recover all inspection costs, including the driving time to and from the location in addition to the time spent conducting the inspection.

Sec. 20. Minnesota Statutes 2014, section 18H.17, is amended to read:

**18H.17 NURSERY AND PHYTOSANITARY ACCOUNT.**

A nursery and phytosanitary account is established in the state treasury. The fees and penalties collected under this chapter and interest attributable to money in the account must be deposited in the state treasury and credited to the nursery and phytosanitary account in the agricultural fund. Money in the account, including interest earned, is annually appropriated to the commissioner for the administration and enforcement for this chapter. The commissioner may spend no more than \$20,000 from the account each fiscal year for purposes of section 18H.14, paragraph (e).

Sec. 21. Minnesota Statutes 2014, section 18J.01, is amended to read:

**18J.01 DEFINITIONS.**

(a) The definitions in sections 18G.02, 18H.02, 18K.02, 27.01, 223.16, 231.01, and 232.21 apply to this chapter.

(b) For purposes of this chapter, "associated rules" means rules adopted under this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92.

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

Sec. 22. Minnesota Statutes 2014, section 18J.02, is amended to read:

**18J.02 DUTIES OF COMMISSIONER.**

The commissioner shall administer and enforce this chapter, chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules.

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

Sec. 23. Minnesota Statutes 2014, section 18J.03, is amended to read:

**18J.03 CIVIL LIABILITY.**

A person regulated by this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or associated rules by the person's employee or agent.

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

Sec. 24. Minnesota Statutes 2014, section 18J.04, subdivision 1, is amended to read:

Subdivision 1. **Access and entry.** The commissioner, upon presentation of official department credentials, must be granted immediate access at reasonable times to sites where a person manufactures, distributes, uses, handles, disposes of, stores, or transports seeds, plants, grain, household goods, general merchandise, produce, or other living or nonliving products or other objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 25. Minnesota Statutes 2014, section 18J.04, subdivision 2, is amended to read:

Subd. 2. **Purpose of entry.** (a) The commissioner may enter sites for:

(1) inspection of inventory and equipment for the manufacture, storage, handling, distribution, disposal, or any other process regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(2) sampling of sites, seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects that are manufactured, stored, distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(3) inspection of records related to the manufacture, distribution, storage, handling, or disposal of seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(4) investigating compliance with chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules; or

(5) other purposes necessary to implement chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

(b) The commissioner may enter any public or private premises during or after regular business hours without notice of inspection when a suspected violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may threaten public health or the environment.

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

Sec. 26. Minnesota Statutes 2014, section 18J.04, subdivision 3, is amended to read:

Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If requested, the commissioner shall split any samples obtained and provide them to the owner, operator, or agent in charge. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge within 30 days after an analysis has been performed. If an analysis is not performed, the commissioner must notify the owner, operator, or agent in charge within 30 days of the decision not to perform the analysis.

(b) The sampling and analysis must be done according to methods provided for under applicable provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods or in cases where methods are available in which improved applicability has been demonstrated the commissioner may adopt appropriate methods from other sources.

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

Sec. 27. Minnesota Statutes 2014, section 18J.04, subdivision 4, is amended to read:

Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

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

Sec. 28. Minnesota Statutes 2014, section 18J.05, subdivision 1, is amended to read:

Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or an associated rule is a violation of this chapter.

(b) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws must take action to the extent of their authority necessary or proper for the enforcement of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or valid orders, standards, stipulations, and agreements of the commissioner.

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

Sec. 29. Minnesota Statutes 2014, section 18J.05, subdivision 2, is amended to read:

Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules occur or the commissioner believes the public interest will be best served by a suitable notice of warning in writing, this section does not require the commissioner to:

- (1) report the violation for prosecution;
- (2) institute seizure proceedings; or
- (3) issue a withdrawal from distribution, stop-sale, or other order.

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

Sec. 30. Minnesota Statutes 2014, section 18J.05, subdivision 6, is amended to read:

Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered, or certified under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules must appoint the commissioner as the agent upon whom all legal process may be served and service upon the commissioner is deemed to be service on the licensee, permittee, registrant, or certified person.

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

Sec. 31. Minnesota Statutes 2014, section 18J.06, is amended to read:

**18J.06 FALSE STATEMENT OR RECORD.**

A person must not knowingly make or offer a false statement, record, or other information as part of:

(1) an application for registration, license, certification, or permit under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(2) records or reports required under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules; or

(3) an investigation of a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 32. Minnesota Statutes 2014, section 18J.07, subdivision 3, is amended to read:

Subd. 3. **Cancellation of registration, permit, license, certification.** The commissioner may cancel or revoke a registration, permit, license, or certification provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or refuse to register, permit, license, or certify under provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 33. Minnesota Statutes 2014, section 18J.07, subdivision 4, is amended to read:

Subd. 4. **Service of order or notice.** (a) If a person is not available for service of an order, the commissioner may attach the order to the facility, site, seed or seed container, plant or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules and notify the owner, custodian, other responsible party, or registrant.

(b) The seed, seed container, plant, or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not be sold, used, tampered with, or removed until released under conditions specified by the commissioner, by an administrative law judge, or by a court.

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

Sec. 34. Minnesota Statutes 2014, section 18J.07, subdivision 5, is amended to read:

Subd. 5. **Unsatisfied judgments.** (a) An applicant for a license, permit, registration, or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not allow a final judgment against the applicant for damages arising from a violation of those statutes or rules to remain unsatisfied for a period of more than 30 days.

(b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this chapter results in automatic suspension of the license, permit, registration, or certification.

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

Sec. 35. Minnesota Statutes 2014, section 18J.09, is amended to read:

**18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.**

Penalties, cost reimbursements, fees, and other money collected under this chapter must be deposited into the state treasury and credited to the appropriate nursery and phytosanitary, industrial hemp, or seed account.

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

Sec. 36. Minnesota Statutes 2014, section 18J.11, subdivision 1, is amended to read:

Subdivision 1. **General violation.** Except as provided in subdivisions 2 ~~and~~ 3, and 4, a person is guilty of a misdemeanor if the person violates this chapter or an order, standard, stipulation, agreement, or schedule of compliance of the commissioner.

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

Sec. 37. Minnesota Statutes 2014, section 18J.11, is amended by adding a subdivision to read:

Subd. 4. **Controlled substance offenses.** Prosecution under this section does not preclude prosecution under chapter 152.

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

Sec. 38. **[18K.01] SHORT TITLE.**

This chapter may be referred to as the "Industrial Hemp Development Act."

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

Sec. 39. **[18K.02] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant Cannabis sativa L. and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01, subdivision 9.

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

Sec. 40. **[18K.03] AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

Industrial hemp is an agricultural crop in this state. A person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant to this chapter.

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

Sec. 41. **[18K.04] LICENSING.**

Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license from the commissioner before growing industrial hemp for commercial purposes. A person must apply to the commissioner in the form prescribed by the commissioner and must pay the annual registration and inspection fee established by the commissioner in accordance with section 16A.1285, subdivision 2. The license application must include the name and address of the applicant and the legal description of the land area or areas where industrial hemp will be grown by the applicant.

(b) When an applicant has paid the fee and completed the application process to the satisfaction of the commissioner, the commissioner must issue a license which is valid until December 31 of the year of application.

(c) A person licensed under this section is presumed to be growing industrial hemp for commercial purposes.

Subd. 2. **Background check; data classification.** The commissioner must require each first-time applicant for a license to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. As part of the background investigation, the Bureau of Criminal Apprehension must conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the United States Department of Justice, Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant. Criminal history records provided to the commissioner under this section must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

Subd. 3. **Federal requirements.** The applicant must demonstrate to the satisfaction of the commissioner that the applicant has complied with all applicable federal requirements pertaining to the production, distribution, and sale of industrial hemp.

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

Sec. 42. **[18K.05] ANNUAL REPORT; SALES NOTIFICATION.**

(a) Annually, a licensee must file with the commissioner:

(1) documentation demonstrating to the commissioner's satisfaction that the seeds planted by the licensee are of a type and variety that contain no more than three-tenths of one percent delta-9 tetrahydrocannabinol; and

(2) a copy of any contract to grow industrial hemp.

(b) Within 30 days, a licensee must notify the commissioner of each sale or distribution of industrial hemp grown by the licensee including, but not limited to, the name and address of the person receiving the industrial hemp and the amount of industrial hemp sold or distributed.

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

Sec. 43. **[18K.06] RULEMAKING.**

(a) The commissioner shall adopt rules governing the production, testing, and licensing of industrial hemp.

(b) Rules adopted under paragraph (a) must include, but not be limited to, provisions governing:

- (1) the supervision and inspection of industrial hemp during its growth and harvest;
  - (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;
  - (3) the use of background checks results required under section 18K.04 to approve or deny a license application; and
  - (4) any other provision or procedure necessary to carry out the purposes of this chapter.
- (c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

**EFFECTIVE DATE.** This section is effective the day after the federal government authorizes the commercial production of industrial hemp in this country.

Sec. 44. **[18K.07] FEES.**

Fees collected under this chapter must be credited to the industrial hemp account, which is hereby established in the agricultural fund in the state treasury. Interest earned in the account accrues to the account. Funds in the industrial hemp account are annually appropriated to the commissioner to implement and enforce this chapter.

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

Sec. 45. **[18K.08] DEFENSE FOR POSSESSION OF MARIJUANA.**

It is an affirmative defense to a prosecution for the possession of marijuana under chapter 152 if:

- (1) the defendant possesses industrial hemp grown pursuant to this chapter; or
- (2) the defendant has a valid controlled substance registration from the United States Department of Justice, Drug Enforcement Administration, if required under federal law.

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

Sec. 46. **[18K.09] PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.**

Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate industrial hemp pursuant to a pilot program administered by the commissioner to study the growth, cultivation, or marketing of industrial hemp. The commissioner may: (1) authorize institutions of higher education to grow or cultivate industrial hemp as part of the commissioner's pilot program or as is necessary to perform other agricultural, renewable energy, or academic research; and (2) contract with public or private entities for testing or other activities authorized under this subdivision. Authorized activity under this section may include collecting seed from wild hemp sources.

Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant to this section, each site must be registered with and certified by the commissioner. A person must register each site annually in the form prescribed by the commissioner and must pay the annual registration and certification fee established by the commissioner in accordance with section 16A.1285, subdivision 2.

Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot program pursuant to this section and Public Law 113-79.

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

Sec. 47. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, and initial labelers who sell native grasses and wildflower seed in commercial or agricultural quantities, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).

In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 48. Minnesota Statutes 2014, section 21.891, subdivision 2, is amended to read:

Subd. 2. **Seed fee permits.** (a) An initial labeler who wishes to sell seed in Minnesota must comply with section 21.89, subdivisions 1 and 2, and the procedures in this subdivision. Each initial labeler who wishes to sell seed in Minnesota must apply to the commissioner to obtain a permit. The application must contain the name and address of the applicant, the application date, and the name and title of the applicant's contact person.

(b) The application for a seed permit covered by section 21.89, subdivision 2, clause (1), must be accompanied by an application fee of ~~\$50~~ \$75.

(c) The application for a seed permit covered by section 21.89, subdivision 2, clause (2), must be accompanied by an application fee based on the level of annual gross sales as follows:

(1) for gross sales of \$0 to \$25,000, the annual permit fee is ~~\$50~~ \$75;

(2) for gross sales of \$25,001 to \$50,000, the annual permit fee is ~~\$100~~ \$150;

(3) for gross sales of \$50,001 to \$100,000, the annual permit fee is ~~\$200~~ \$300;

(4) for gross sales of \$100,001 to \$250,000, the annual permit fee is ~~\$500~~ \$750;

(5) for gross sales of \$250,001 to \$500,000, the annual permit fee is ~~\$1,000~~ \$1,500; and

(6) for gross sales of \$500,001 ~~and above~~ to \$1,000,000, the annual permit fee is ~~\$2,000~~ \$3,000;  
and

(7) for gross sales of \$1,000,001 and above, the annual permit fee is \$4,500.

(d) The application for a seed permit covered by section 21.89, subdivision 2, clause (3), must be accompanied by an application fee of ~~\$50~~ \$75. Initial labelers holding seed fee permits covered under this paragraph need not apply for a new permit or pay the application fee. Under this permit category, the fees for the following kinds of agricultural seed sold either in bulk or containers are:

- (1) oats, wheat, and barley, ~~6.3~~ 9 cents per hundredweight;
- (2) rye, field beans, ~~soybeans~~, buckwheat, and flax, ~~8.4~~ 12 cents per hundredweight;
- (3) field corn, ~~29.4~~ 17 cents per ~~hundredweight~~ 80,000 seed unit;
- (4) forage, lawn and turf grasses, and legumes, ~~49~~ 69 cents per hundredweight;
- (5) sunflower, ~~\$1.40~~ \$1.96 per hundredweight;
- (6) sugar beet, ~~\$3.29~~ 12 cents per ~~hundredweight~~ 100,000 seed unit; and
- (7) soybeans, 7.5 cents per 140,000 seed unit; and

~~(7)~~ (8) for any agricultural seed not listed in clauses (1) to ~~(6)~~ (7), the fee for the crop most closely resembling it in normal planting rate applies.

(e) If, for reasons beyond the control and knowledge of the initial labeler, seed is shipped into Minnesota by a person other than the initial labeler, the responsibility for the seed fees are transferred to the shipper. An application for a transfer of this responsibility must be made to the commissioner. Upon approval by the commissioner of the transfer, the shipper is responsible for payment of the seed permit fees.

(f) Seed permit fees may be included in the cost of the seed either as a hidden cost or as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the words "Minnesota seed permit fees" must be used.

(g) All seed fee permit holders must file semiannual reports with the commissioner, even if no seed was sold during the reporting period. Each semiannual report must be submitted within 30 days of the end of each reporting period. The reporting periods are October 1 to March 31 and April 1 to September 30 of each year or July 1 to December 31 and January 1 to June 30 of each year. Permit holders may change their reporting periods with the approval of the commissioner.

(h) The holder of a seed fee permit must pay fees on all seed for which the permit holder is the initial labeler and which are covered by sections 21.80 to 21.92 and sold during the reporting period.

(i) If a seed fee permit holder fails to submit a semiannual report and pay the seed fee within 30 days after the end of each reporting period, the commissioner shall assess a penalty of \$100 or eight percent, calculated on an annual basis, of the fee due, whichever is greater, but no more than \$500 for each late semiannual report. A \$15 penalty must be charged when the semiannual report is late, even if no fee is due for the reporting period. Seed fee permits may be revoked for failure to comply with the applicable provisions of this paragraph or the Minnesota seed law.

Sec. 49. Minnesota Statutes 2014, section 21.891, subdivision 5, is amended to read:

Subd. 5. **Brand name registration fee.** The fee is ~~\$25~~ \$50 for each variety registered for sale by brand name.

Sec. 50. Minnesota Statutes 2014, section 25.341, subdivision 2, is amended to read:

Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed license shall submit an application on a form provided or approved by the commissioner accompanied by a fee of ~~\$25~~ \$75 paid to the commissioner for each location. A license is not transferable from one person to another, from one ownership to another, or from one location to another. The license year is the calendar year. A license expires on December 31 of the year for which it is issued, except that a license is valid through January 31 of the next year or until the issuance of the renewal license, whichever comes first, if the licensee has filed a renewal application with the commissioner on or before December 31 of the year for which the current license was issued. Any person who is required to have, but fails to obtain a license or a licensee who fails to comply with license renewal requirements, shall pay a ~~\$50~~ \$100 late fee in addition to the license fee.

Sec. 51. Minnesota Statutes 2014, section 25.39, subdivision 1, is amended to read:

Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton must be paid to the commissioner on commercial feeds distributed in this state by the person who first distributes the commercial feed, except that:

(1) no fee need be paid on:

(i) a commercial feed if the payment has been made by a previous distributor; or

(ii) customer formula feeds if the inspection fee is paid on the commercial feeds which are used as ingredients; or

(2) a Minnesota feed distributor who can substantiate that greater than 50 percent of the distribution of commercial feed is to purchasers outside the state may purchase commercial feeds without payment of the inspection fee under a tonnage fee exemption permit issued by the commissioner. Such location specific permits shall be issued on a calendar year basis to commercial feed distributors who submit a \$100 nonrefundable application fee and comply with rules adopted by the commissioner relative to record keeping, tonnage of commercial feed distributed in Minnesota, total of all commercial feed tonnage distributed, and all other information which the commissioner may require so as to ensure that proper inspection fee payment has been made.

(b) In the case of pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of ~~\$50~~ \$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to pet food distributed in packages exceeding ten pounds.

(c) In the case of specialty pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of ~~\$25~~ \$100 for each product in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food distributed in packages exceeding ten pounds.

(d) The minimum inspection fee is ~~\$10~~ \$75 per annual reporting period.

Sec. 52. Minnesota Statutes 2014, section 25.39, subdivision 1a, is amended to read:

Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual fee specified in subdivision 1, paragraph (b) or (c), shall do the following:

(1) before beginning distribution, file with the commissioner a listing of pet and specialty pet foods to be distributed in the state only in containers of ten pounds or less, on forms provided by the commissioner. The listing under this clause must be renewed annually before July 1 and is the basis for the payment of the annual fee. New products added during the year must be submitted to the commissioner as a supplement to the annual listing before distribution; and

(2) if the annual renewal of the listing is not received before July 1 or if an unlisted product is distributed, pay a late filing fee of ~~\$10~~ \$100 per product in addition to the normal charge for the listing. The late filing fee under this clause is in addition to any other penalty under this chapter.

Sec. 53. **[28A.152] COTTAGE FOODS EXEMPTION.**

Subdivision 1. **Licensing provisions applicability.** (a) The licensing provisions of sections 28A.01 to 28A.16 do not apply to the following:

(1) an individual who prepares and sells food that is not potentially hazardous food, as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements are met:

(i) the prepared food offered for sale under this clause is labeled to accurately reflect the name and address of the individual preparing and selling the food, the date on which the food was prepared, and the ingredients and any possible allergens; and

(ii) the individual displays at the point of sale a clearly legible sign or placard stating: "These products are homemade and not subject to state inspection."; and

(2) an individual who prepares and sells home-processed and home-canned food products if the following requirements are met:

(i) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;

(ii) the products are home-processed and home-canned in Minnesota;

(iii) the individual displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection."; and

(iv) each container of the product sold or offered for sale under this clause is accurately labeled to provide the name and address of the individual who processed and canned the goods, the date on which the goods were processed and canned, and ingredients and any possible allergens.

(b) An individual who qualifies for an exemption under paragraph (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.

Subd. 2. **Direct sales to consumers.** (a) An individual qualifying for an exemption under subdivision 1 may sell the exempt food:

(1) directly to the ultimate consumer;

(2) at a community event or farmers' market; or

(3) directly from the individual's home to the consumer, to the extent allowed by local ordinance.

(b) If an exempt food product will be delivered to the ultimate consumer upon sale of the food product, the individual who prepared the food product must be the person who delivers the food product to the ultimate consumer.

(c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be sold outside of Minnesota.

(d) Food products exempt under subdivision 1 may be sold over the Internet but must be delivered directly to the ultimate consumer by the individual who prepared the food product. The statement "These products are homemade and not subject to state inspection." must be displayed on the Web site that offers the exempt foods for purchase.

Subd. 3. **Limitation on sales.** An individual selling exempt foods under this section is limited to total sales with gross receipts of \$18,000 or less in a calendar year.

Subd. 4. **Registration.** An individual who prepares and sells exempt food under subdivision 1 must register annually with the commissioner. The annual registration fee is \$50. An individual with \$5,000 or less in annual gross receipts from the sale of exempt food under this section is not required to pay the registration fee.

Subd. 5. **Training.** (a) An individual with gross receipts between \$5,000 and \$18,000 in a calendar year from the sale of exempt food under this section must complete a safe food handling training course that is approved by the commissioner before registering under subdivision 4. The training shall not exceed eight hours and must be completed every three years while the individual is registered under subdivision 4.

(b) An individual with gross receipts of less than \$5,000 in a calendar year from the sale of exempt food under this section must satisfactorily complete an online course and exam as approved by the commissioner before registering under subdivision 4. The commissioner shall offer the online course and exam under this paragraph at no cost to the individual.

Subd. 6. **Local ordinances.** This section does not preempt the application of any business licensing requirement or sanitation, public health, or zoning ordinance of a political subdivision.

Subd. 7. **Account established.** A cottage foods account is created as a separate account in the agricultural fund in the state treasury for depositing money received by the commissioner under this section. Money in the account, including interest, is appropriated to the commissioner for purposes of this section.

Sec. 54. Minnesota Statutes 2014, section 32.075, is amended to read:

**32.075 TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.**

Every ~~An initial~~ license issued by the commissioner ~~shall be for a period ending~~ ~~expires~~ on the following ~~December 31st day of December next following~~, and ~~shall is not be~~ transferable. A renewal license is valid for two years and expires on December 31 of the second year. The fee for each such an initial or renewal license shall be \$50 and each renewal thereof shall be \$25 and is \$60. The fee shall be paid to the commissioner before ~~any~~ the commissioner issues an initial or renewal license ~~or renewal thereof is issued~~. If a license renewal is not applied for on or before January 1 of each year, a penalty of ~~\$10~~ \$30 shall be imposed. A person who does not renew a license within one year following its December 31 expiration date, except those persons who do not renew such license while engaged in active military service, shall be required to prove competency and qualification pursuant to section 32.073, before a license is issued. The commissioner may require any other person who renews a license to prove competency and qualification in the same manner. All license

fees and penalties received by the commissioner shall be ~~paid into the state treasury~~ deposited in the dairy services account in the agricultural fund.

Sec. 55. Minnesota Statutes 2014, section 32.105, is amended to read:

**32.105 MILK PROCUREMENT FEE.**

Each dairy plant operator within the state must pay to the commissioner on or before the 18th of each month a fee of ~~.71~~ 1.1 cents per hundredweight of milk purchased the previous month. If a milk producer within the state ships milk out of the state for sale, the producer must pay the fee to the commissioner unless the purchaser voluntarily pays the fee.

Producers who ship milk out of state or processors must submit monthly reports as to milk purchases along with the appropriate procurement fee to the commissioner. The commissioner may have access to all relevant purchase or sale records as necessary to verify compliance with this section and may require the producer or purchaser to produce records as necessary to determine compliance.

The fees collected under this section must be deposited in the dairy services account in the agricultural fund. Money in the account, including interest earned, is appropriated to the commissioner to administer this chapter.

Sec. 56. **[41A.14] AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND TECHNOLOGY TRANSFER GRANT PROGRAM.**

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

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

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

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

Subd. 2. **Advisory panel.** In awarding grants under this section, the commissioner must consult with an advisory panel consisting of the following stakeholders:

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

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

- (3) a representative of the Minnesota Farm Bureau;
- (4) a representative of the Minnesota Farmers Union;
- (5) a person representing agriculture industry statewide;
- (6) a representative of each of the state commodity councils organized under section 17.54 and the Minnesota Pork Board;
- (7) a person representing an association of primary manufacturers of forest products;
- (8) a person representing organic or sustainable agriculture; and
- (9) a person representing statewide environment and natural resource conservation organizations.

Subd. 3. **Account.** An agriculture research, education, extension, and technology transfer account is created in the agricultural fund in the state treasury. The account consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of the purposes provided in subdivision 1, and any interest or earnings of the account. Money in the account is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

Sec. 57. **[41A.15] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of sections 41A.15 to 41A.18, the terms defined in this section have the meanings given them.

Subd. 2. **Advanced biofuel.** "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.

Subd. 3. **Biomass thermal production.** "Biomass thermal production" means the generation of energy for commercial heat or industrial process heat from a cellulosic material or other material composed of forestry or agricultural feedstocks for a new or expanding capacity facility or a facility that is displacing existing use of fossil fuel after the effective date of this section.

Subd. 4. **Cellulosic biomass.** "Cellulosic biomass" means material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

Subd. 5. **Cellulosic sugar.** "Cellulosic sugar" means sugar derived from cellulosic biomass from agricultural or forestry resources.

Subd. 6. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 7. **Cover crops.** "Cover crops" means grasses, legumes, forbs, or other herbaceous plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that are either interseeded into living cash crops or planted on agricultural fields during fallow periods for seasonal cover and conservation purposes.

Subd. 8. **MMbtu.** "MMbtu" means 1,000,000 British thermal units.

Subd. 9. **Perennial crops.** "Perennial crops" means agriculturally produced plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at least three years at the location where the plants are being cultivated. Biomass from alfalfa produced in a two-year rotation shall be considered a perennial crop.

Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 58. **[41A.16] ADVANCED BIOFUEL PRODUCTION INCENTIVE.**

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating above 95,000 MMBtu of annual biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least 95,000 MMBtu a year.

(b) No payments shall be made for advanced biofuel production that occurs after June 30, 2035, for those eligible biofuel producers under paragraph (a).

(c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility for payments under this section to an advanced biofuel facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Renewable chemical production for which payment has been received under section 41A.17, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to eligible producers of advanced biofuel. The amount of the payment for each eligible producer's annual production is \$2.1053 per MMBtu for advanced biofuel production from cellulosic biomass, and \$1.053 per MMBtu for advanced biofuel production from sugar or starch at a specific location for ten years after the start of production.

(b) Total payments under this section to an eligible biofuel producer in a fiscal year may not exceed the amount necessary for 2,850,000 MMBtu of biofuel production. Total payments under this section to all eligible biofuel producers in a fiscal year may not exceed the amount necessary for 17,100,000 MMBtu of biofuel production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(c) For purposes of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer.

Subd. 3. **Perennial and cover crops required.** To be eligible for payment under this section, a producer that produces advanced biofuel from agricultural cellulosic biomass other than corn kernel fiber or biogas must derive at least the following portions of the producer's total eligible MMBtus from perennial crop or cover crop biomass:

(1) ten percent during the first two years of eligible production;

(2) 30 percent during the third and fourth years of eligible production; and

(3) 50 percent during the fifth through tenth years of eligible production.

Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All biomass from brushlands must be produced using Minnesota brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan.

Subd. 5. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan for approval by the commissioner prior to applying for payments under this section. The commissioner shall make the plan publicly available. The plan must:

(1) provide a detailed explanation of how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project;

(4) include specific numeric goals and timelines for making progress;

(5) require agronomic practices that result in a positive Natural Resources Conservation Service Soil Conditioning Index score for acres from which biomass from corn stover will be harvested; and

(6) include biennial soil sampling to verify maintained or increased levels of soil organic matter.

(b) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and may make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments, until the producer is in compliance with the plan.

Subd. 6. **Claims.** (a) By the last day of October, January, April, and July, each eligible biofuel producer shall file a claim for payment for advanced biofuel production during the preceding three calendar months. An eligible biofuel producer that files a claim under this subdivision shall include a statement of the eligible biofuel producer's total advanced biofuel production in Minnesota during the quarter covered by the claim. For each claim and statement of total advanced biofuel production filed under this subdivision, the volume of advanced biofuel production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

**Sec. 59. [41A.17] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.**

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must source at least 80 percent biobased content, as defined in section 41A.105, subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content must be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of 3,000,000 pounds of chemicals annually before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible renewable chemical facilities must produce at least 3,000,000 pounds per year. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) No payments shall be made for renewable chemical production that occurs after June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

(c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility for payments under this section to a renewable chemical facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMBtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Subd. 3. **Cellulosic biomass requirements.** All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All cellulosic

biomass from brushlands must be produced using Minnesota brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan.

Subd. 4. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation of how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(b) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and may make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments, until the producer is in compliance with the plan.

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each eligible renewable chemical producer shall file a claim for payment for renewable chemical production during the preceding three calendar months. An eligible renewable chemical producer that files a claim under this subdivision shall include a statement of the eligible producer's total renewable chemical production in Minnesota during the quarter covered by the claim. For each claim and statement of total renewable chemical production filed under this paragraph, the volume of renewable chemical production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment must be made for each claim filed.

Sec. 60. **[41A.18] BIOMASS THERMAL PRODUCTION INCENTIVE.**

Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials should be sourced from within a 100-mile radius. Raw materials must be

from agricultural or forestry sources. The facility must be located in Minnesota, must have begun production at a specific location by June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible biomass thermal production facilities must produce at least 1,000 MMBtu per year.

(b) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (a).

(c) An eligible producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

(e) Biofuel production for which payment has been received under section 41A.16, and renewable chemical production for which payment has been received under section 41A.17, are not eligible for payment under this section.

**Subd. 2. Payment amounts; bonus; limits; blending.** (a) The commissioner shall make payments to eligible producers of biomass thermal located in the state. The amount of the payment for each producer's annual production is \$5.00 per MMBtu of biomass thermal production produced at a specific location for ten years after the start of production.

(b) An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMBtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMBtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMBtu of total thermal production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to cellulosic material is eligible to receive payment.

(e) For purposes of this section, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer.

**Subd. 3. Cellulosic biomass requirements.** All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All biomass from brushland must be produced using Minnesota brushland harvesting biomass guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or American Tree Farm. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan.

Subd. 4. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation of how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following the plan;

(3) discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(b) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and may make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments, until the producer is in compliance with the plan.

Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each producer shall file a claim for payment for biomass thermal production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total biomass thermal production in Minnesota during the quarter covered by the claim. For each claim and statement of total biomass thermal production filed under this paragraph, the volume of biomass thermal production must be examined by a CPA firm with a valid permit to practice under chapter 326A, in accordance with Statements on Standards for Attestation Engagements established by the American Institute of Certified Public Accountants.

(b) The commissioner must issue payments by November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed.

Sec. 61. **[41A.19] REPORT; INCENTIVE PROGRAMS.**

By January 15 each year, the commissioner shall report on the incentive programs under sections 41A.16, 41A.17, and 41A.18 to the legislative committees with jurisdiction over environment and agriculture policy and finance. The report shall include information on production and incentive expenditures under the programs.

Sec. 62. Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:

Subd. 6. **Application fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a beginning farmer loan or a seller-sponsored loan. The application fee is initially \$50. The authority may review the fee annually and make adjustments as necessary. The fee must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is appropriated to the commissioner for administrative

~~expenses of the beginning farmer and seller-sponsored loan programs~~ the Rural Finance Authority administrative account established in subdivision 7.

Sec. 63. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision to read:

Subd. 7. **Rural Finance Authority administrative account.** There is established in the agricultural fund a Rural Finance Authority administrative account. Money in the account, including interest, is appropriated to the commissioner of agriculture for the administrative expenses of the loan programs administered by the Rural Finance Authority.

Sec. 64. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

~~Subd. 17. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application and an origination fee for each loan issued under the loan restructuring program. The origination fee is 1.5 percent of the authority's participation interest in the loan and the application fee is \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is appropriated to the commissioner for administrative expenses of the loan restructuring program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 65. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

~~Subd. 3. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a participation issued under the agricultural improvement loan program. The application fee is initially \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 66. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

~~Subd. 3. **Specifications.** No loan may be made to refinance an existing debt.~~ Each loan participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 67. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

~~Subd. 4. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application for a loan participation and an origination fee for each loan issued under the livestock expansion loan program. The origination fee initially shall be set at 1.5 percent and the application fee at \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the livestock expansion loan program~~ the Rural Finance Authority administrative account established in section 41B.03.

Sec. 68. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

**Subd. 5. Loans.** (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal

amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each application for a stock loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(e) Stock loans under this program will be made using money in the revolving loan account established in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding \$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established in section 41B.06.

Sec. 69. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The authority shall establish and implement a disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well as replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, or flood; ~~or~~

(2) purchase watering systems, irrigation systems, and other drought mitigation systems and practices when drought is the cause of the purchase;<sub>2</sub>

(3) restore farmland; or

(4) replace flocks, make building improvements, and cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of the highly pathogenic avian influenza in a commercial poultry or game flock located in Minnesota.

Sec. 70. Minnesota Statutes 2014, section 41B.047, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

(1) meet the requirements of section 41B.03, subdivision 1;

(2) certify that the damage or loss was (i) sustained within a county that was the subject of a state or federal disaster declaration or (ii) due to the confirmed presence of the highly pathogenic avian influenza in a commercial poultry or game flock located in Minnesota;

(3) demonstrate an ability to repay the loan; and

~~(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$660,000 in 2004 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the Consumer Price Index; and~~

~~(5)~~ (4) have received at least 50 percent of average annual gross income from farming for the past three years.

Sec. 71. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000 \$200,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(c) Security for the disaster recovery loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established under section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(e) Disaster recovery loans under this program will be made using money in the revolving loan account established under section 41B.06.

(f) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

Sec. 72. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

Subd. 6. **Loans.** (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed \$75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable, nonrefundable application fee for each application for a loan under this program. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established under section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(h) Loans under the program must be made using money in the revolving loan account established under section 41B.06.

(i) All repayments of financial assistance granted under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

(j) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(k) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Sec. 73. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

Subd. 4. **Loans.** (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms of the authority's participation interest may differ from repayment terms of the lender's retained portion of the loan. Loans made under this section must be no-interest loans.

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at \$100 for a loan under subdivision 1. The fees received by the authority must be deposited in the ~~revolving loan account~~

~~established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

Sec. 74. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Sec. 75. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Intermediary" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans.

(c) "Specialty crops" means agricultural crops, such as annuals, flowers, perennials, and other horticultural products, that are intensively cultivated.

(d) "Eligible livestock" means ~~poultry that has been allowed access to the outside, sheep, or goats~~ beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.

Sec. 76. **[41B.057] FARM OPPORTUNITY LOAN PROGRAM.**

Subdivision 1. **Establishment.** The authority shall establish a farm opportunity loan program to provide loans that enable farmers to:

(1) add value to crops or livestock produced in Minnesota;

(2) adopt best management practices that emphasize sufficiency and self-sufficiency;

(3) reduce or improve management of agricultural inputs resulting in environmental improvements; or

(4) increase production of on-farm energy.

Subd. 2. **Loan criteria.** (a) The farm opportunity loan program shall provide loans for purchase of new or used equipment and installation of equipment for projects that make environmental improvements and enhance farm profitability. The loan program shall also be used to add value to crops or livestock produced in Minnesota by, but not limited to, initiating or expanding livestock product processing; purchasing equipment to initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers' processing and aggregating capacity facilitating entry into farm-to-institution and other markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or other operating expenses.

(b) The authority may impose a reasonable, nonrefundable application fee for a farm opportunity loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the Rural Finance Authority administrative account established in section 41B.03.

(c) Loans may only be made to Minnesota residents engaged in farming. Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(d) The borrower must show the ability to repay the loan.

(e) Refinancing of existing debt is not an eligible expense.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or \$45,000 per individual, whichever is less. For loans to a group made up of four or more individuals, participation is limited to 45 percent of the principal amount of the loan or \$180,000, whichever is less. The interest rate on the loans must not exceed six percent.

Sec. 77. Minnesota Statutes 2014, section 41B.06, is amended to read:

#### **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, value-added agricultural product, agroforestry, and agricultural microloan, and farm opportunity loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 78. Minnesota Statutes 2014, section 135A.52, is amended by adding a subdivision to read:

Subd. 6. **Farm business management.** Minnesota State Colleges and Universities campuses that offer farm business management may specify space availability in the delivery of farm business management courses.

Sec. 79. Minnesota Statutes 2014, section 375.30, subdivision 2, is amended to read:

Subd. 2. **Wild hemp.** A county board, by resolution, may appropriate and spend money as necessary to spray and otherwise eradicate wild hemp, ~~commonly known as marijuana~~, on private property within the county. The county board may authorize the use of county equipment, personnel and supplies and materials to spray or otherwise eradicate wild hemp on private property, and may pro rate the expenses involved between the county and owner or occupant of the property. Industrial hemp grown by a person licensed under chapter 18K is not wild hemp.

Sec. 80. Minnesota Statutes 2014, section 500.24, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) The chief executive officer of every pension or investment fund, corporation, limited partnership, limited liability company, or entity that is seeking to qualify for an exemption from the commissioner, and the trustee of a family farm trust that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner a report containing the following information and documents:

(1) the name of the pension or investment fund, corporation, limited partnership, or limited liability company and its place of incorporation, certification, or registration;

(2) the address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation, limited partnership, or limited liability company, the address of its principal office in its place of incorporation, certification, or registration;

(3) the acreage and location listed by quarter-quarter section, township, and county of each lot or parcel of agricultural land or land used for the keeping or feeding of poultry in this state owned or leased by the pension or investment fund, limited partnership, corporation, or limited liability company;

(4) the names and addresses of the officers, administrators, directors, or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, the members of the board of directors of the corporation, and the members of the limited liability company, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) the farm products which the pension or investment fund, limited partnership, corporation, or limited liability company produces or intends to produce on its agricultural land;

(6) with the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3; and

(7) with the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation, trust, limited liability company, or partnership seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, an authorized farm partnership, a family farm limited liability company, an authorized farm limited liability company, or a family farm trust or under an exemption from the commissioner shall contain the following additional information: the number of shares, partnership interests, or governance and financial rights owned by persons or current beneficiaries of a family farm trust residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address, and number of shares owned by each shareholder, partnership interests owned by each partner or governance and financial rights owned by each member, and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest, and annuities. No pension or investment fund, limited partnership, corporation, or limited liability company shall commence farming in this state until the commissioner has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, trust, corporation, or limited liability company as described in paragraph (a) shall, prior to April 15 of each year, file with the commissioner a report containing the information required in paragraph (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, corporation, or limited liability company that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner may, for good cause shown, issue a written waiver or reduction of the civil penalty for failure to make a timely filing of the annual report required by this subdivision. The waiver or reduction is final and conclusive with respect to the civil penalty, and may not be reopened or modified by an officer, employee, or agent of the state, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) All reports required by paragraph (a) shall include a filing fee of \$15. The fee must be deposited in the state treasury and credited to an account in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for the administrative expenses of this section.

~~(e)~~ (e) Failure to file a required report or the willful filing of false information is a gross misdemeanor.

Sec. 81. Minnesota Statutes 2014, section 583.215, is amended to read:

**583.215 EXPIRATION.**

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2016~~ 2017.

**EFFECTIVE DATE.** This section is effective May 23, 2016, if the legislature does not meet in regular session in calendar year 2016 before May 23, 2016. If the legislature meets in regular session in calendar year 2016 before May 23, 2016, this section is void.

Sec. 82. Laws 2014, chapter 312, article 12, section 3, is amended to read:

Sec. 3. **AGRICULTURE.**

\$

~~-0-~~ \$**2,750,000**

\$2,000,000 in 2015 is for a grant to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, or other agricultural commodities that would otherwise go unharvested or, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report when required by, and in the form prescribed by, the commissioner. ~~For fiscal year 2015, Second Harvest Heartland may use up to 11 percent of any grant received for administrative expenses and up to four percent of the grant for transportation expenses. For fiscal years 2016 and 2017, Second Harvest Heartland may use up to five percent of any grant received for administrative expenses.~~ This is a onetime appropriation and is available until June 30, 2017.

The commissioner shall examine how other states are implementing the industrial hemp research authority provided in Public Law 113-79 and gauge the interest of Minnesota higher education institutions. No later than January 15, 2015, the commissioner must report the information and items for legislative consideration to the legislative committees with jurisdiction over agriculture policy and finance.

\$350,000 in 2015 is for an increase in retail food handler inspections.

\$200,000 in 2015 is added to the appropriation in Laws 2013, chapter 114, article 1, section 3, subdivision 4, for

distribution to the state's county fairs. This is a onetime appropriation.

\$200,000 in 2015 is for a grant as determined by the commissioner to a public higher education institution to research porcine epidemic diarrhea virus. This is a onetime appropriation and is available until June 30, 2017.

**Sec. 83. LIVESTOCK INDUSTRY STUDY.**

The commissioner of agriculture must identify causes of the relative growth or decline in the number of head of poultry and livestock produced in Minnesota, Iowa, North Dakota, South Dakota, Wisconsin, and Nebraska over the last ten years, including but not limited to the impact of nuisance conditions and lawsuits filed against poultry or livestock farms. No later than February 1, 2016, the commissioner must report findings by poultry and livestock sector and provide recommendations on how to strengthen and expand Minnesota animal agriculture to the legislative committees with jurisdiction over agriculture policy and finance.

**Sec. 84. CORRECTIONAL FACILITY VOCATIONAL TRAINING PILOT PROGRAM.**

Subdivision 1. **Pilot program.** The commissioner of agriculture must coordinate a pilot program operated by the Northeast Regional Corrections Center to train inmates for careers as meat cutters upon release. The commissioner must facilitate program development and ensure that the program prepares inmates to meet applicable food safety and licensure requirements.

Subd. 2. **Program development.** In facilitating development of the pilot program, the commissioner must consult with the commissioner of employment and economic development and a representative of each of the following organizations:

- (1) Northeast Regional Corrections Center; and
- (2) United Food and Commercial Workers.

Subd. 3. **Report required.** No later than February 1, 2017, the commissioner must report on the progress and outcomes of the program to the legislative committees with jurisdiction over agriculture, economic development, higher education, and public safety.

Subd. 4. **Expiration.** This section expires on June 30, 2017.

**Sec. 85. URBAN AGRICULTURE DEVELOPMENT PROPOSAL.**

The commissioner of agriculture must convene interested stakeholders and develop a proposal to effectively and efficiently promote urban agriculture in Minnesota cities. For purposes of this section, "urban agriculture" means producing agricultural plants, poultry, or livestock on public or private property within city limits. No later than January 15, 2016, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance and submit proposed legislation that includes a new definition of urban agriculture if the commissioner and stakeholders determine that a different definition more accurately defines urban agriculture.

**Sec. 86. BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**

The balances in the accounts created under Minnesota Statutes, sections 41B.03, subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision 4, are transferred to the Rural Finance Authority administrative account established under Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.

The balance in the account created under Minnesota Statutes, section 17.115, is transferred to the Rural Finance Authority revolving loan account established under Minnesota Statutes, section 41B.06, and the original account is abolished.

Sec. 87. **REPEALER.**

Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and 116V.03, are repealed.

**ARTICLE 3**

**ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS**

Section 1. **ENVIRONMENT AND NATURAL RESOURCES 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 "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal year ending June 30, 2015, are effective the day following final enactment.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016**                      **2017**

Sec. 2. **POLLUTION CONTROL AGENCY**

Subdivision 1. **Total Appropriation**                      \$            **94,582,000** \$            **91,784,000**

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>6,395,000</u>	<u>5,727,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>73,480,000</u>	<u>74,548,000</u>
<u>Remediation</u>	<u>14,632,000</u>	<u>11,434,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

The commissioner must present the agency's biennial budget for fiscal years 2018 and 2019 to the legislature in a transparent way by agency division, including the proposed budget bill and presentations of the budget to committees and divisions with jurisdiction over the agency's budget.

Subd. 2. **Water** 26,388,000 26,081,000

<u>Appropriations by Fund</u>		
	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>4,307,000</u>	<u>3,627,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>22,006,000</u>	<u>22,379,000</u>

\$1,959,000 the first year and \$1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

\$753,000 the first year and \$765,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

\$673,000 the first year and \$683,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water quality

protection. Of this amount, \$129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation shall submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

\$107,000 the first year and \$109,000 the second year are from the environmental fund for registration of wastewater laboratories.

\$913,000 the first year and \$913,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern metropolitan communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to \$677,000 the first year and \$677,000 the second year are for transfer to the Department of Health.

\$250,000 the first year and \$250,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the water quality standards rulemaking process and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the water quality standards rulemaking process, including more specific analysis and identification of cost-effective permitting;

(3) development of statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for

the resources needed for municipalities to achieve permit requirements.

\$500,000 the first year is for independent peer reviews under Minnesota Statutes, section 115.035, and cost analyses of water quality standards and rules. A portion of this appropriation may be transferred to the commissioner of management and budget for water quality standards cost analyses.

\$200,000 the first year is for a grant to the Red River Basin Commission for development of a water quality strategic plan for the Red River of the North. This is a onetime appropriation and is available until June 30, 2018. The plan must include, but is not limited to, consistency in water quality goals and objectives for the Red River of the North and pollution reduction allocations for both point and nonpoint sources on the Red River of the North and for individual major watersheds tributary to the Red River of the North. The Red River Basin Commission must involve the interests of local, state, and federal government, business and industry, environmental groups, and Red River Basin landowners. The Red River Basin Commission must report progress on the plan to the house of representatives and senate committees and divisions with jurisdiction over environment policy and finance by February 15 in 2016 and 2017, and must submit the completed plan by December 31, 2017.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as grants or contracts for subsurface sewage treatment systems, surface water and groundwater assessments, total maximum daily loads, storm water, and water quality protection in this subdivision are available until June 30, 2020.

Subd. 3. Air

15,640,000

16,087,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Environmental</u>	<u>15,640,000</u>	<u>16,087,000</u>

\$202,000 the first year and \$204,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

\$340,000 the first year and \$346,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

\$691,000 the first year and \$693,000 the second year are from the environmental fund for emission reduction activities and grants to small businesses and other nonpoint emission reduction efforts. Of this amount, \$100,000 the first year and \$100,000 the second year is to continue work with Clean Air Minnesota, and the commissioner may enter into an agreement with Environmental Initiative to support this effort. Any unexpended balance in the first year does not cancel but is available in the second year.

<u>Subd. 4. Land</u>	<u>21,663,000</u>	<u>18,584,000</u>
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Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Environmental</u>	<u>7,031,000</u>	<u>7,150,000</u>
<u>Remediation</u>	<u>14,632,000</u>	<u>11,434,000</u>

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2),

(3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2017.

\$4,279,000 the first year and \$4,343,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for purposes of vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

\$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

\$743,000 the first year is transferred from the general account in the remediation fund to the dry cleaner environmental response and reimbursement account in the remediation fund for the purpose of remediating land contaminated by a release from a dry cleaning facility, as provided under Minnesota Statutes, section 115B.50. The commissioner shall prioritize expenditures from this transfer to address contaminated sites that pose the greatest risk to public health or welfare or to the environment, as established in Minnesota Statutes, section 115B.17, subdivision 13. This is a onetime transfer. The commissioner shall reimburse only a person who otherwise would not be responsible for a release or threatened release under Minnesota Statutes, section 115B.03,

for all but \$10,000 of the environmental response costs incurred by the person if the commissioner determines that the costs are reasonable and were actually incurred. To be eligible for reimbursement from this transfer, a person seeking reimbursement must make a request to the commissioner, as required under Minnesota Statutes, section 115B.50, subdivision 2, on or before the day following final enactment of this act.

\$868,000 the first year is from the remediation fund for a grant to the city of Mountain Iron for remediation of the abandoned wastewater treatment pond of the former Nichols Township. This is a onetime appropriation that is available until June 30, 2019.

**Subd. 5. Environmental Assistance and Cross-Media**

30,891,000

31,032,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Environmental</u>	<u>28,803,000</u>	<u>28,932,000</u>
<u>General</u>	<u>2,088,000</u>	<u>2,100,000</u>

\$17,250,000 the first year and \$17,250,000 the second year are from the environmental fund for SCORE block grants to counties.

\$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

\$90,000 the first year and \$90,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

\$203,000 the first year and \$207,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

\$315,000 the first year and \$319,000 the second year are from the general fund and \$192,000 the first year and \$192,000 the second year are from the environmental fund for Environmental Quality Board operations and support.

\$50,000 the first year and \$50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

\$502,000 the first year and \$503,000 the second year are from the general fund for the Environmental Quality Board to lead an interagency team to provide technical assistance regarding the mining, processing, and transporting of silica sand. Of this amount, up to \$75,000 each year may be transferred to the commissioner of natural resources to review the implementation of the rules adopted by the commissioner pursuant to Laws 2013, chapter 114, article 4, section 105, paragraph (b), pertaining to the reclamation of silica sand mines, to ensure that local government reclamation programs are implemented in a manner consistent with the rules.

\$450,000 the first year and \$450,000 the second year are from the environmental fund to develop and maintain systems to support permitting and regulatory business processes and agency data. This is a onetime appropriation.

\$1,000,000 the first year and \$1,000,000 the second year are for competitive recycling grants under Minnesota Statutes, section 115A.565. This appropriation is available until June 30, 2018.

\$50,000 the first year and \$50,000 the second year are to acquire and co-locate waste and

recycling receptacles, in cooperation with the commissioner of administration, at the State Office Building. Any remaining funds may be used for these purposes at other facilities within the Capitol complex. This is a onetime appropriation.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as contracts or grants for surface water and groundwater assessments; environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2019.

#### Subd. 6. **Transfers**

By June 30, 2016, the commissioner of management and budget shall transfer \$51,308,000 from the closed landfill investment fund to the general fund.

The commissioner of the Pollution Control Agency shall transfer \$8,100,000 in fiscal year 2016 from the metropolitan landfill contingency action trust account in Minnesota Statutes, section 473.845, to the commissioner of management and budget for cancellation to the general fund.

#### Subd. 7. **Remediation Fund**

The commissioner shall transfer up to \$42,000,000 from the environmental fund to the remediation fund for the purposes of the



money for each \$1 of state money. The match may be cash or in-kind.

\$251,000 the first year and \$251,000 the second year are for iron ore cooperative research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund. \$175,000 the first year and \$175,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance from the first year does not cancel and is available in the second year.

\$2,755,000 the first year and \$2,815,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

Notwithstanding Minnesota Statutes, section 115B.20, \$1,000,000 the first year is from the dedicated account within the remediation fund for the purposes of Minnesota Statutes, section 115B.20, subdivision 2, clause (4), to acquire salt lands as described under Minnesota Statutes, section 92.05, within Bear Head Lake State Park. This is a onetime appropriation and is available until June 30, 2018.

Subd. 3. **Ecological and Water Resources** 32,414,000 32,167,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	17,526,000	17,110,000
<u>Natural Resources</u>	10,502,000	10,576,000
<u>Game and Fish</u>	4,386,000	4,481,000

\$3,242,000 the first year and \$3,242,000 the second year are from the invasive species account in the natural resources fund and \$3,206,000 the first year and \$3,206,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

\$5,000,000 the first year and \$5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

\$124,000 the first year and \$124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

\$10,000 the first year and \$10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

\$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement.

\$2,018,000 the first year and \$2,018,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified

in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$950,000 the first year and \$950,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

\$6,000,000 the first year and \$6,000,000 the second year are from the general fund for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater level monitoring;

(2) surface water monitoring and analysis, including installation of monitoring gauges;

(3) groundwater analysis to assist with water appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve the use of irrigation;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

\$10,000 the first year and \$64,000 the second year are to study, in cooperation with the Board of Water and Soil Resources, the feasibility of the state assuming administration of the section 404 permit program of the federal Clean Water Act as required in this act. This is a onetime appropriation.

\$100,000 the first year is to develop cost estimates, in cooperation with the

Metropolitan Council, for the augmentation of White Bear Lake with water from the Sucker Lake chain of lakes. The commissioner must submit a report with the cost estimates developed under this paragraph to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy and finance by February 1, 2016. This is a onetime appropriation.

The commissioner of natural resources must create a groundwater model that uses existing data for the Bonanza Valley Groundwater Management Area to describe the current groundwater conditions and characterize the nature and extent of the primary aquifers and the relationship of surface water and groundwater.

\$400,000 the first year is for grants to assist in the construction of flood protection rural and farmstead ring levees in the Red River watershed. Grants may not exceed 50 percent of the cost of the projects. This is a onetime appropriation and is available until June 30, 2019.

\$75,000 is for a grant to the city of Virginia for erosion control on the northeast side of Silver Lake to protect public and private property and infrastructure.

**Subd. 4. Forest Management**

39,614,000

39,781,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>26,446,000</u>	<u>26,350,000</u>
<u>Natural Resources</u>	<u>11,881,000</u>	<u>12,144,000</u>
<u>Game and Fish</u>	<u>1,287,000</u>	<u>1,287,000</u>

\$7,145,000 the first year and \$7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section

88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund.

By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$11,881,000 the first year and \$12,144,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2. The base for fiscal year 2018 and later is \$11,644,000.

\$1,287,000 the first year and \$1,287,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$780,000 the first year and \$780,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$250,000 the first year and \$250,000 the second year are for the FORIST system.

At least \$500,000 the first year is for forest road maintenance. The commissioner shall use the money to perform needed

maintenance on forest roads in conjunction with timber sales.

The commissioner shall contract with a telecommunication provider to place a cell phone transmitter on the ranger tower on Side Lake in St. Louis County.

**Subd. 5. Parks and Trails Management**

74,064,000

73,650,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>24,967,000</u>	<u>24,427,000</u>
<u>Natural Resources</u>	<u>46,831,000</u>	<u>46,950,000</u>
<u>Game and Fish</u>	<u>2,266,000</u>	<u>2,273,000</u>

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities.

\$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,360,000 the first year and \$1,360,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,210,000 each year is from the all-terrain vehicle account; and \$150,000 each year is from the off-highway motorcycle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

\$250,000 the first year and \$250,000 the second year are from the state land and water conservation account (LAWCON) in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$968,000 the first year and \$968,000 the second year are from the off-road vehicle account in the natural resources fund. Of this amount, \$568,000 each year is for parks and trails management for off-road vehicle purposes; \$325,000 each year is for the off-road vehicle grant in aid program; and \$75,000 each year is for a new full-time employee position or contract in northern Minnesota to work in conjunction with the Minnesota Four-Wheel Drive Association to address off-road vehicle touring routes and other issues related to off-road vehicle activities. Of this appropriation, the \$325,000 each year is onetime.

\$65,000 the first year is from the water recreation account in the natural resources fund to cooperate with local units of

government in marking routes and designating river accesses and campsites under Minnesota Statutes, section 85.32. This is a onetime appropriation and is available until June 30, 2019.

\$190,000 the first year is for a grant to the city of Virginia for the additional cost of supporting a trail due to the rerouting of U.S. Highway No. 53. This is a onetime appropriation and is available until June 30, 2019.

\$50,000 the first year is for development of a master plan for the Mississippi Blufflands Trail, including work on possible extensions or connections to other state or regional trails. This is a onetime appropriation that is available until June 30, 2017.

\$61,000 from the natural resources fund the first year is for a grant to the city of East Grand Forks for payment under a reciprocity agreement for the Red River State Recreation Area.

\$500,000 the first year is for restoration or replacement of a historic trestle bridge in Blackduck. This is a onetime appropriation and is available until June 30, 2019.

The base for parks and trails operations in the natural resources fund in fiscal year 2018 and thereafter is \$46,450,000.

**Subd. 6. Fish and Wildlife Management**

71,177,000

71,713,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>Natural Resources</u>	<u>1,908,000</u>	<u>1,912,000</u>
<u>Game and Fish</u>	<u>69,269,000</u>	<u>69,801,000</u>

\$8,167,000 the first year and \$8,167,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of

this appropriation may be used for expanding hunter and angler recruitment and retention.

\$1,000,000 the first year and \$1,000,000 the second year are from the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10, including grants for archery facilities. Up to \$100,000 each year is available for shooting sports facilities on state lands. Grants must be matched with a nonstate match, which may include in-kind contributions. This is a onetime appropriation and is available until June 30, 2019.

The game and fish fund base for fish and wildlife management in fiscal year 2018 and thereafter is \$65,619,000.

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

Subd. 7. Enforcement

39,344,000

38,377,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>4,257,000</u>	<u>4,140,000</u>
<u>Natural Resources</u>	<u>10,153,000</u>	<u>10,309,000</u>
<u>Game and Fish</u>	<u>24,834,000</u>	<u>23,828,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>

\$200,000 the first year is from the general fund and \$1,900,000 the first year is from the game and fish fund are for aviation services. This appropriation is onetime.

\$1,718,000 the first year and \$1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

\$1,537,000 the first year and \$1,580,000 the second year are from the heritage enhancement account in the game and

fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph shall report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the

off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

**Subd. 8. Operations Support** 870,000 770,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>550,000</u>	<u>450,000</u>
<u>Natural Resources</u>	<u>320,000</u>	<u>320,000</u>

\$320,000 the first year and \$320,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

\$300,000 the first year and \$450,000 the second year are for legal costs related to water management. This is a onetime appropriation and is available until June 30, 2018.

With money appropriated in this section, the commissioner shall give preference to call centers located in Minnesota.

**Subd. 9. Cancellation**

The general fund appropriation of \$1,000,000 in Laws 2014, chapter 312, article 12, section 6, subdivision 2, is canceled on July 1, 2015.

**Sec. 4. BOARD OF WATER AND SOIL RESOURCES** \$ 13,237,000 \$ 13,415,000

\$3,423,000 the first year and \$3,423,000 the second year are for natural resources block grants to local governments. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

\$3,116,000 the first year and \$3,116,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a grant under this paragraph shall maintain a Web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

\$1,560,000 the first year and \$1,560,000 the second year are for the following cost-share programs:

(1) \$260,000 each year is for feedlot water quality grants for feedlots under 300 animal units and nutrient and manure management projects in watersheds where there are impaired waters;

(2) \$1,200,000 each year is for soil and water conservation district cost-sharing contracts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices; and

(3) \$100,000 each year is for county cooperative weed management programs and

to restore native plants in selected invasive species management sites.

\$800,000 the first year and \$750,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act, including administration of the wetland banking program and in-lieu fee mechanism. The base for fiscal year 2018 and later is \$761,000.

\$166,000 the first year and \$166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$140,000 the first year and \$140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

\$8,000 the first year and \$262,000 the second year are to study, in cooperation with the commissioner of natural resources, the feasibility of the state assuming administration of the section 404 permit program of the federal Clean Water Act as required in this act. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.





**Subd. 4. Returned Grants**

~~Beginning July 1, 2010, all returned grant money originating from general fund grant programs will be deposited into individual accounts in the special revenue fund and held for eventual transfer back to the general fund. On December 15, 2010, and on December 15 of each year thereafter, \$310,000 of the receipts in this special revenue fund will be transferred to the general fund. If less than \$310,000 is available on the transfer date, an additional transfer on June 15 sufficient to make the \$310,000 annual obligation will be made may be used for the purposes of Minnesota Statutes, section 103B.102, for grants to local governments as authorized in Minnesota Statutes, section 103B.3369, or to cover onetime costs for implementation of natural resources block grant funded programs, including the Wetland Conservation Act, wetland banking, shoreland management, and local water management programs.~~

Sec. 12. Laws 2014, chapter 312, article 12, section 6, subdivision 5, is amended to read:

**Subd. 5. Fish and Wildlife**

**Management**

-0-

2,412,000

\$3,000 in 2015 is from the heritage enhancement account in the game and fish fund for a report on aquatic plant management permitting policies for the management of narrow-leaved and hybrid cattail in a range of basin types across the state. The report shall be submitted to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources by December 15, 2014, and include recommendations for any necessary changes in statutes, rules, or permitting procedures. This is a onetime appropriation.

\$9,000 in 2015 is from the game and fish fund for the commissioner, in consultation with interested parties, agencies, and other

states, to develop a detailed restoration plan to recover the historical native population of bobwhite quail in Minnesota for its ecological and recreational benefits to the citizens of the state. The commissioner shall conduct public meetings in developing the plan. No later than January 15, 2015, the commissioner must report on the plan's progress to the legislative committees with jurisdiction over environment and natural resources policy and finance. This is a onetime appropriation.

\$2,000,000 in 2015 is from the game and fish fund for shooting sports facility grants under Minnesota Statutes, section 87A.10. The commissioner may spend up to \$50,000 of this appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2017.

\$400,000 in 2015 is from the heritage enhancement account in the game and fish fund for hunter and angler recruitment and retention activities and grants to local chapters of Let's Go Fishing of Minnesota to provide community outreach to senior citizens, youth, and veterans and for the costs associated with establishing and recruiting new chapters. The grants must be matched with cash or in-kind contributions from nonstate sources. Of this amount, \$25,000 is for Asian Outdoor Heritage for youth fishing recruitment efforts and outreach in the metropolitan area. The commissioner shall establish a grant application process that includes a standard for ownership of equipment purchased under the grant program and contract requirements that cover the disposition of purchased equipment if the grantee no longer exists. Any equipment purchased with state grant money must be specified on the grant application and approved by the commissioner. The commissioner may spend up to three percent of the appropriation to administer the grant. This is a onetime appropriation and is available until June 30, 2016.

Sec. 13. **REPEALER.**

Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2010, First Special Session chapter 1, article 6, section 6, Laws 2013, chapter 114, article 3, section 9, is repealed.

**ARTICLE 4****ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES**

Section 1. Minnesota Statutes 2014, section 16C.073, subdivision 2, is amended to read:

Subd. 2. **~~Purchases; printing.~~** (a) Whenever practicable, a public entity shall:

(1) purchase uncoated copy paper, office paper, and printing paper;

(2) purchase recycled content copy paper with at least ten 30 percent postconsumer material by weight and purchase printing and office paper with at least ten percent postconsumer material by weight;

(3) purchase copy, office, and printing paper which has not been dyed with colors, excluding pastel colors;

(4) purchase recycled content copy, office, and printing paper that is manufactured using little or no chlorine bleach or chlorine derivatives;

(5) ~~use no more than two colored inks, standard or processed, except in formats where they are necessary to convey meaning;~~

(6) ~~(5) use reusable binding materials or staples and bind documents by methods that do not use glue;~~

(7) ~~(6) use soy-based inks;~~

(8) ~~(7) produce reports, publications, and periodicals that are readily recyclable within the state resource recovery program; and~~

(9) ~~(8) purchase paper which has been made on a paper machine located in Minnesota.~~

(b) Paragraph (a), clause (1), does not apply to coated paper that is made with at least 50 percent postconsumer material.

(c) A public entity shall print documents on both sides of the paper where commonly accepted publishing practices allow.

(d) ~~Notwithstanding paragraph (a), clause (2), and section 16C.0725, copier paper purchased by a state agency must contain at least ten percent postconsumer material by fiber content.~~

Sec. 2. Minnesota Statutes 2014, section 84.415, subdivision 7, is amended to read:

Subd. 7. **~~Existing road right-of-way; Application fee exemption.~~** (a) A utility license for crossing public lands or public waters is exempt from all application fees specified in this section and in rules adopted under this section ~~when the utility crossing is on an existing right-of-way of a public road.~~

(b) This subdivision does not apply to electric power lines, cables, or conduits 100 kilovolts or greater or to main pipelines for gas, liquids, or solids in suspension.

**EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014, and does not authorize the retroactive collection of fees.

Sec. 3. **[84.69] NATURAL RESOURCES CONSERVATION EASEMENT STEWARDSHIP ACCOUNT.**

Subdivision 1. **Account established; sources.** The natural resources conservation easement stewardship account is created in the special revenue fund. The account consists of money credited to the account and interest and other earnings on money in the account. The State Board of Investment must manage the account to maximize long-term gain. The following revenue must be deposited in the natural resources conservation easement stewardship account:

- (1) contributions to the account or specified for any purpose of the account;
- (2) contributions under subdivision 3; section 84.66, subdivision 11; or other applicable law;
- (3) money appropriated for any of the purposes described in subdivision 2;
- (4) money appropriated for monitoring and enforcement of easements and earnings on the money appropriated that revert to the state under section 97A.056, subdivision 17, or other applicable law; and
- (5) gifts under section 84.085 for conservation easement stewardship.

Subd. 2. **Appropriation; purposes of account.** Five percent of the balance on July 1 of each year in the natural resources conservation easement stewardship account is annually appropriated to the commissioner of natural resources and may be spent only to cover the costs of managing conservation easements held by the Department of Natural Resources, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with conservation easement management activities.

Subd. 3. **Financial contributions.** The commissioner shall seek a financial contribution to the natural resources conservation easement stewardship account for each conservation easement acquired by or assigned to the Department of Natural Resources. Unless otherwise provided by law, the commissioner shall determine the amount of the contribution, which must be an amount calculated to earn sufficient money to meet the costs of managing the conservation easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the commissioner shall consider:

- (1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;
- (2) the average hourly wages for the class or classes of employees expected to manage the conservation easement;
- (3) the estimated annual travel expenses to manage the conservation easement;
- (4) the estimated annual miscellaneous costs to manage the conservation easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized cost of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift that are initiated on or after July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 84.788, subdivision 5, is amended to read:

Subd. 5. **Report of ownership transfers; fee.** A person who sells or transfers (a) Application for transfer of ownership of an off-highway motorcycle registered under this section shall report the sale or transfer must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the registered owner and the buyer on a form prescribed by the commissioner with the owner's registration certificate, purchaser using a bill of sale, and a \$4 fee that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of ownership as provided under this subdivision.

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

Sec. 5. Minnesota Statutes 2014, section 84.788, is amended by adding a subdivision to read:

Subd. 5a. **Report of registration transfers.** (a) Application for transfer of registration under this section must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the registered owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of registration as provided under this subdivision.

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

Sec. 6. **[84.8031] GRANT-IN-AID APPLICATIONS; REVIEW PERIOD.**

The commissioner must review an off-road vehicle grant-in-aid application and, if approved, commence public review of the application within 60 days after the completed application has been locally approved and submitted to an area parks and trails office. If the commissioner fails to approve or deny the application within 60 days after submission, the application is deemed approved and the commissioner must provide for a 30-day public review period.

Sec. 7. Minnesota Statutes 2014, section 84.82, subdivision 2a, is amended to read:

Subd. 2a. **Nontrail use registration.** A snowmobile may be registered for nontrail use. A snowmobile registered under this subdivision may not be operated on a state or grant-in-aid snowmobile trail. The fee for a nontrail use registration of a snowmobile with an engine displacement that is greater than 125 cubic centimeters is \$45 for three years. A nontrail use registration is not transferable. In addition to other penalties prescribed by law, the penalty for violation of this subdivision is immediate revocation of the nontrail use registration. The

commissioner shall ensure that the registration sticker provided for limited nontrail use is of a different color and is distinguishable from other snowmobile registration and state trail stickers provided.

Sec. 8. Minnesota Statutes 2014, section 84.82, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** Registration is not required under this section for:

(1) a snowmobile owned and used by the United States, an Indian tribal government, another state, or a political subdivision thereof;

(2) a snowmobile registered in a country other than the United States temporarily used within this state;

(3) a snowmobile that is covered by a valid license of another state and has not been within this state for more than 30 consecutive days or that is registered by an Indian tribal government to a tribal member and has not been outside the tribal reservation boundary for more than 30 consecutive days;

(4) a snowmobile used exclusively in organized track racing events;

(5) a snowmobile in transit by a manufacturer, distributor, or dealer;

(6) a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual; ~~or~~

(7) a snowmobile while being used to groom a state or grant-in-aid trail; or

(8) a snowmobile with an engine displacement that is 125 cubic centimeters or less and the snowmobile is not operated on a state or grant-in-aid trail.

Sec. 9. Minnesota Statutes 2014, section 84.84, is amended to read:

**84.84 TRANSFER OR TERMINATION OF SNOWMOBILE OWNERSHIP.**

(a) Within 15 days after the transfer of ownership, or any part thereof, other than a security interest, or the destruction or abandonment of any snowmobile, written notice thereof of the transfer or destruction or abandonment shall be given to the commissioner in such form as the commissioner shall prescribe.

(b) An application for transfer must be executed by the registered owner and the purchaser using a bill of sale that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.88 if the purchaser fails to apply for transfer of ownership as provided under this subdivision. Every owner or part owner of a snowmobile shall, upon failure to give such notice of destruction or abandonment, be subject to the penalties imposed by ~~Laws 1967, chapter 876~~ section 84.88.

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

Sec. 10. Minnesota Statutes 2014, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized vehicle of with: (1) not less than three, but not more than six low pressure or non-pneumatic tires; that is limited in engine displacement of less than 1,000 cubic centimeters and; (2) a total dry weight of 2,000 pounds or less; and (3) a total width from outside of tire rim to outside of tire rim that is 65

inches or less. All-terrain vehicle includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle. All-terrain vehicle does not include a golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used specifically for lawn maintenance, agriculture, logging, or mining purposes.

Sec. 11. Minnesota Statutes 2014, section 84.92, subdivision 9, is amended to read:

Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of less than 1,200 pounds width from outside of tire rim to outside of tire rim that is 50 inches or less.

Sec. 12. Minnesota Statutes 2014, section 84.92, subdivision 10, is amended to read:

Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of 1,200 to 1,800 pounds width from outside of tire rim to outside of tire rim that is greater than 50 inches but not more than 65 inches.

Sec. 13. Minnesota Statutes 2014, section 84.922, subdivision 4, is amended to read:

Subd. 4. **Report of transfers.** A person who sells or transfers ownership of a vehicle registered under this section shall report the sale or (a) Application for transfer of ownership must be made to the commissioner within 15 days of the date of transfer.

(b) An application for transfer must be executed by the registered owner and the purchaser on a form prescribed by the commissioner with the owner's registration certificate, using a bill of sale and a \$4 fee that includes the vehicle serial number.

(c) The purchaser is subject to the penalties imposed by section 84.774 if the purchaser fails to apply for transfer of ownership as provided under this subdivision.

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

Sec. 14. Minnesota Statutes 2014, section 84.925, subdivision 5, is amended to read:

Subd. 5. **Training requirements.** (a) An individual who was born after July 1, 1987, and who is 16 years of age or older, must successfully complete the independent study course component of all-terrain vehicle safety training before operating an all-terrain vehicle on public lands or waters, public road rights-of-way, or state or grant-in-aid trails.

(b) An individual who is convicted of violating a law related to the operation of an all-terrain vehicle must successfully complete the independent study course component of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(c) An individual who is convicted for a second or subsequent excess speed, trespass, or wetland violation in an all-terrain vehicle season, or any conviction for careless or reckless operation of an all-terrain vehicle, must successfully complete the independent study and the testing and operating course components of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(d) An individual who receives three or more citations and convictions for violating a law related to the operation of an all-terrain vehicle in a two-year period must successfully complete the independent study and the testing and operating course components of all-terrain vehicle safety training before continuing operation of an all-terrain vehicle.

(e) An individual must present evidence of compliance with this subdivision before an all-terrain vehicle registration is issued or renewed. A person may use the following as evidence of meeting all-terrain vehicle safety certificate requirements:

- (1) a valid all-terrain vehicle safety certificate issued by the commissioner;
- (2) a driver's license that has a valid all-terrain vehicle safety certificate indicator issued under section 171.07, subdivision 18; or
- (3) an identification card that has a valid all-terrain vehicle safety certificate indicator issued under section 171.07, subdivision 18.

**EFFECTIVE DATE.** This section is effective January 1, 2016, or the date the new driver and vehicle services information technology system is implemented, whichever comes later.

Sec. 15. Minnesota Statutes 2014, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928 and as provided under paragraph (j), a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

- (1) make a direct crossing of a public road right-of-way;
- (2) operate an all-terrain vehicle on a public road right-of-way in the state; or
- (3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least 11 years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 90cc on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(i) Notwithstanding paragraph (c), a nonresident at least 12 years old, but less than 16 years old, may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate an all-terrain vehicle on public lands and waters or state or grant-in-aid trails if:

(1) the nonresident youth has in possession evidence of completing an all-terrain safety course offered by the ATV Safety Institute or another state as provided in section 84.925, subdivision 3; and

(2) the nonresident youth is accompanied by a person 18 years of age or older who holds a valid driver's license.

(j) A person 12 years of age but less than 16 years of age may operate an all-terrain vehicle on the roadway, bank, slope, or ditch of a public road right-of-way as permitted under section 84.928 if the person:

(1) possesses a valid all-terrain vehicle safety certificate issued by the commissioner; and

(2) is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Sec. 16. Minnesota Statutes 2014, section 84.928, subdivision 1, is amended to read:

Subdivision 1. **Operation on roads and rights-of-way.** (a) Unless otherwise allowed in sections 84.92 to 84.928 or by local ordinance under paragraph (k), a person shall not operate an all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway.

(b) A person may operate a class 1 all-terrain vehicle in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway unless prohibited under paragraph (d) or (f).

(c) A person may operate a class 1 all-terrain vehicle designed by the manufacturer for off-road use to be driven by a steering wheel and equipped with operator and passenger seat belts and a roll-over protective structure or a class 2 all-terrain vehicle:

(1) within the public road right-of-way of a county state-aid or county highway on the right shoulder or the extreme right-hand side of the road and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions, unless prohibited under paragraph (d) or (f);

(2) on the bank, slope, or ditch of a public road right-of-way of a trunk, county state-aid, or county highway but only to access businesses or make trail connections, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions, unless prohibited under paragraph (d) or (f); and

(3) on the bank or ditch of a public road right-of-way on a designated class 2 all-terrain vehicle trail.

(d) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of all-terrain vehicles in the public road right-of-way under its jurisdiction.

(e) The restrictions in paragraphs (a), (d), (h), (i), and (j) do not apply to the operation of an all-terrain vehicle on the shoulder, inside bank or slope, ditch, or outside bank or slope of a trunk, interstate, county state-aid, or county highway:

(1) that is part of a funded grant-in-aid trail; or

(2) when the all-terrain vehicle is owned by or operated under contract with:

(i) a road authority as defined under section 160.02, subdivision 25; or

(ii) a publicly or privately owned utility or pipeline company and used for work on utilities or pipelines.

(f) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

(g) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

(h) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the Department of Natural Resources when performing or exercising official duties or powers.

(i) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

(j) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

(k) A county, city, or town, acting through its governing body, may by ordinance allow a person to operate an all-terrain vehicle on a public road or street under its jurisdiction to access businesses and residences and to make trail connections.

**EFFECTIVE DATE.** The amendments to paragraph (e) of this section are effective the day following final enactment.

Sec. 17. Minnesota Statutes 2014, section 84D.01, is amended by adding a subdivision to read:

Subd. 1a. **Aquatic invasive species affirmation.** "Aquatic invasive species affirmation" means an affirmation of the summary of the aquatic invasive species laws of this chapter that is part of watercraft licenses and nonresident fishing licenses, as provided in section 84D.106.

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

Sec. 18. Minnesota Statutes 2014, section 84D.01, subdivision 13, is amended to read:

Subd. 13. **Prohibited invasive species.** "Prohibited invasive species" means a nonnative species that has been ~~listed~~ designated as a prohibited invasive species in a rule adopted by the commissioner under section 84D.12.

Sec. 19. Minnesota Statutes 2014, section 84D.01, subdivision 15, is amended to read:

Subd. 15. **Regulated invasive species.** "Regulated invasive species" means a nonnative species that has been ~~listed~~ designated as a regulated invasive species in a rule adopted by the commissioner under section 84D.12.

Sec. 20. Minnesota Statutes 2014, section 84D.01, subdivision 17, is amended to read:

Subd. 17. **Unlisted nonnative species.** "Unlisted nonnative species" means a nonnative species that has not been ~~listed~~ designated as a prohibited invasive species, a regulated invasive species, or an unregulated nonnative species in a rule adopted by the commissioner under section 84D.12.

Sec. 21. Minnesota Statutes 2014, section 84D.01, subdivision 18, is amended to read:

Subd. 18. **Unregulated nonnative species.** "Unregulated nonnative species" means a nonnative species that has been ~~listed~~ designated as an unregulated nonnative species in a rule adopted by the commissioner under section 84D.12.

Sec. 22. Minnesota Statutes 2014, section 84D.06, is amended to read:

**84D.06 UNLISTED NONNATIVE SPECIES.**

Subdivision 1. **Process.** A person may not introduce an unlisted nonnative aquatic plant or wild animal species unless:

- (1) the person has notified the commissioner in a manner and form prescribed by the commissioner;
- (2) the commissioner has made the classification determination required in subdivision 2 and ~~listed~~ designated the species as appropriate; and
- (3) the introduction is allowed under the applicable provisions of this chapter.

Subd. 2. **Classification.** (a) If the commissioner determines that a species for which a notification is received under subdivision 1 should be classified as a prohibited invasive species, the commissioner shall:

- (1) adopt a rule under section 84D.12, subdivision 3, ~~listing~~ designating the species as a prohibited invasive species; and
- (2) notify the person from which the notification was received that the species is subject to section 84D.04.

(b) If the commissioner determines that a species for which a notification is received under subdivision 1 should be classified as an unregulated nonnative species, the commissioner shall:

(1) adopt a rule under section 84D.12, subdivision 3, listing designating the species as an unregulated nonnative species; and

(2) notify the person from which the notification was received that the species is not subject to regulation under this chapter.

(c) If the commissioner determines that a species for which a notification is received under subdivision 1 should be classified as a regulated invasive species, the commissioner shall notify the applicant that the species is subject to the requirements in section 84D.07.

Sec. 23. Minnesota Statutes 2014, section 84D.10, subdivision 3, is amended to read:

Subd. 3. **Removal and confinement.** (a) A conservation officer or other licensed peace officer may order:

(1) the removal of aquatic macrophytes or prohibited invasive species from water-related equipment, including decontamination using hot water or high pressure equipment when available on site, before it the water-related equipment is transported or before it is placed into waters of the state;

(2) confinement of the water-related equipment at a mooring, dock, or other location until the water-related equipment is removed from the water;

(3) removal of water-related equipment from waters of the state to remove prohibited invasive species if the water has not been listed by the commissioner as being infested with that species; and

(4) a prohibition on placing water-related equipment into waters of the state when the water-related equipment has aquatic macrophytes or prohibited invasive species attached in violation of subdivision 1 or when water has not been drained or the drain plug has not been removed in violation of subdivision 4; and

(5) decontamination of water-related equipment when available on site.

(b) An order for removal of prohibited invasive species under paragraph (a), clause (1), or decontamination of water-related equipment under paragraph (a), clause (5), may include tagging the water-related equipment and issuing a notice that specifies a time frame for completing the removal or decontamination and reinspection of the water-related equipment.

~~(b)~~ (c) An inspector who is not a licensed peace officer may issue orders under paragraph (a), clauses (1), (3), ~~and (4), and (5).~~

Sec. 24. [84D.106] AQUATIC INVASIVE SPECIES AFFIRMATION.

Aquatic invasive species affirmation is required for all:

(1) watercraft licenses issued under section 86B.401; and

(2) all nonresident fishing licenses, as provided in section 97C.301, subdivision 2a.

EFFECTIVE DATE. Clause (1) of this section is effective January 1, 2016, and clause (2) of this section is effective March 1, 2016.

Sec. 25. Minnesota Statutes 2014, section 84D.11, subdivision 1, is amended to read:

Subdivision 1. **Prohibited invasive species.** The commissioner may issue a permit for the propagation, possession, importation, purchase, or transport of a prohibited invasive species for the purposes of disposal, decontamination, control, research, or education.

Sec. 26. Minnesota Statutes 2014, section 84D.12, subdivision 1, is amended to read:

Subdivision 1. **Required rules.** The commissioner shall adopt rules:

(1) listing designating prohibited invasive species, regulated invasive species, and unregulated nonnative species of aquatic plants and wild animals;

(2) governing the application for and issuance of permits under this chapter, which rules may include a fee schedule; and

(3) governing notification under section 84D.08.

Sec. 27. Minnesota Statutes 2014, section 84D.12, subdivision 3, is amended to read:

Subd. 3. **Expedited rules.** The commissioner may adopt rules under section 84.027, subdivision 13, that list designate:

(1) prohibited invasive species of aquatic plants and wild animals;

(2) regulated invasive species of aquatic plants and wild animals; and

(3) unregulated nonnative species of aquatic plants and wild animals.

Sec. 28. Minnesota Statutes 2014, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

(1) for transporting aquatic macrophytes in violation of section 84D.09, \$100;

(2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, \$200;

(3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, \$500;

(4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not listed by the commissioner as being infested with that invasive species, \$500;

(5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian water milfoil, \$100;

(6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, \$100; ~~and~~

(7) for transporting infested water off riparian property without a permit as required by rule, \$200; and

(8) for failing to have aquatic invasive species affirmation displayed or available for inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, §25.

(b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

Sec. 29. Minnesota Statutes 2014, section 84D.15, subdivision 3, is amended to read:

Subd. 3. **Use of money in account.** Money credited to the invasive species account in subdivision 2 shall be used for management of invasive species and implementation of this chapter as it pertains to invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, habitat improvements, and research.

Sec. 30. Minnesota Statutes 2014, section 85.015, is amended by adding a subdivision to read:

Subd. 1e. **Connection to state parks and recreation areas.** Trails designated under this section may include connections to state parks or recreation areas that generally lie in between or within the vicinity of the waymarks specifically named in the designation.

Sec. 31. Minnesota Statutes 2014, section 85.015, is amended by adding a subdivision to read:

Subd. 6a. **Mississippi Blufflands Trail; Goodhue and Wabasha Counties.** (a) The Mississippi Blufflands Trail shall originate at the Cannon Valley Trail and thence extend generally southeasterly along the Mississippi River through Frontenac State Park in Goodhue County and continue through Goodhue and Wabasha Counties to the city of Lake City, and there terminate. The trail shall include connections to the Rattlesnake Bluff Trail.

(b) The trail shall be developed primarily for riding and hiking.

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups whenever feasible.

Sec. 32. Minnesota Statutes 2014, section 85.015, subdivision 7, is amended to read:

Subd. 7. **Blufflands Trail system, Fillmore, Olmsted, Winona, and Houston Counties.** (a) The Root River Trail shall originate at Chatfield in Fillmore County, and thence extend easterly in the Root River Valley to the intersection of the river with Minnesota Trunk Highway No. 26 in Houston County, and extend to the Mississippi River.

(b) Additional trails may be established that extend the Blufflands Trail system to include La Crescent, Hokah, Caledonia, and Spring Grove in Houston County; Preston, Harmony, Fountain, Wykoff, Spring Valley, Mabel, Prosper, Canton, and Ostrander, and connections to the Iowa border including a connection to Niagara Cave in Fillmore County; Rochester, Dover, Eyota, Stewartville, Byron, and Chester Woods County Park in Olmsted County; and Winona, Minnesota City, Rollingstone, Altura, Lewiston, Utica, St. Charles, and Elba in Winona County. In addition to the criteria in section 86A.05, subdivision 4, these trails must utilize abandoned railroad rights-of-way where possible.

(c) The trails shall be developed primarily for nonmotorized riding and hiking.

Sec. 33. Minnesota Statutes 2014, section 85.015, subdivision 28, is amended to read:

Subd. 28. **Camp Ripley/Veterans State Trail, Crow Wing, Cass, and Morrison Counties.** The trail shall originate at Crow Wing State Park in Crow Wing County at the southern end of the

Paul Bunyan Trail and shall extend from Crow Wing State Park westerly to the city of Pillager, then southerly along the west side of Camp Ripley, then easterly along the south side of Camp Ripley across to the east side of the Mississippi River, and then northerly through Fort Ripley to Crow Wing State Park. A second segment of the trail shall be established that shall extend in a southerly direction and in close proximity to the Mississippi River from the southeasterly portion of the first segment of the trail to the city of Little Falls, and then terminate at the Soo Line Trail in Morrison County. Separation of motorized and nonmotorized corridors is acceptable as needed.

**Sec. 34. [85.0506] LAKE VERMILION-SOUDAN UNDERGROUND MINE STATE PARK; HOISTS.**

The Lake Vermilion-Soudan Underground Mine State Park mine tour operation is exempt from sections 326B.163 to 326B.191. The federal mine code for hoists that lift people under Code of Federal Regulations, title 30, part 57, subpart R, applies to the Lake Vermilion-Soudan Underground Mine State Park hoist. The commissioner shall employ a hoist safety expert to conduct an annual inspection of the hoist system at the Lake Vermilion-Soudan Underground Mine State Park.

Sec. 35. Minnesota Statutes 2014, section 85.054, subdivision 12, is amended to read:

Subd. 12. **Lake Vermilion-Soudan Underground Mine State Park.** A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at the visitor parking area of Soudan Underground Mine State Park and the Stuntz Bay boat house area.

Sec. 36. Minnesota Statutes 2014, section 85.32, subdivision 1, is amended to read:

Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to mark state water trails on the Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood, Blue Earth, Cedar, Shell Rock, and Crow Rivers which have historic and scenic values and to mark appropriately points of interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards which are dangerous to canoe, kayak, and watercraft travelers.

Sec. 37. Minnesota Statutes 2014, section 86B.401, subdivision 3, is amended to read:

Subd. 3. **Licensing.** (a) The license agent shall register the watercraft on receiving an application and the license fee. A license and registration sticker with a registration number shall be issued and must be affixed to the watercraft as prescribed by the commissioner of natural resources.

(b) A license includes aquatic invasive species affirmation as provided in section 84D.106. The aquatic invasive species affirmation portion of the license must be on board or available with the signed license certificate. The aquatic invasive species affirmation will be provided with an application for a new, transfer, duplicate, or renewal watercraft license.

(c) The license is not valid unless signed by at least one owner.

(d) Failure to complete the aquatic invasive species affirmation in this subdivision is subject to the penalty prescribed in section 84D.13, subdivision 5.

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

Sec. 38. Minnesota Statutes 2014, section 87A.10, is amended to read:

**87A.10 TRAP SHOOTING SPORTS FACILITY GRANTS.**

The commissioner of natural resources shall administer a program to provide cost-share grants to local recreational shooting clubs or local units of government for up to 50 percent of the costs of developing or rehabilitating trap shooting sports facilities for public use. A facility rehabilitated or developed with a grant under this section must be open to the general public at reasonable times and for a reasonable fee on a walk-in basis. The commissioner shall give preference to projects that will provide the most opportunities for youth.

Sec. 39. Minnesota Statutes 2014, section 88.17, subdivision 3, is amended to read:

Subd. 3. **Special permits.** The following special permits are required at all times, including when the ground is snow-covered:

(a) **Fire training.** A permit to start a fire for the instruction and training of firefighters, including liquid fuels training, may be given by the commissioner or agent of the commissioner. Except for owners or operators conducting fire training in specialized industrial settings pursuant to applicable federal, state, or local standards, owners or operators conducting open burning for the purpose of instruction and training of firefighters with regard to structures must ~~follow the techniques described in a document entitled: Structural Burn Training Procedures for the Minnesota Technical College System~~ use only fuel materials as outlined in the current edition of National Fire Protection Association 1403, Standard on Live Fire Training Evolutions, and obtain the applicable live burn documents in accordance with the current edition of the Board of Firefighter Training and Education's live burn plan established according to section 299N.02, subdivision 3, clause (2).

(b) **Permanent tree and brush open burning sites.** A permit for the operation of a permanent tree and brush burning site may be given by the commissioner or agent of the commissioner. Applicants for a permanent open burning site permit shall submit a complete application on a form provided by the commissioner. Existing permanent tree and brush open burning sites must submit for a permit within 90 days of the passage of this statute for a burning permit. New site applications must be submitted at least 90 days before the date of the proposed operation of the permanent open burning site. The application must be submitted to the commissioner and must contain:

(1) the name, address, and telephone number of all owners of the site proposed for use as the permanent open burning site;

(2) if the operator for the proposed permanent open burning site is different from the owner, the name, address, and telephone number of the operator;

(3) a general description of the materials to be burned, including the source and estimated quantity, dimensions of the site and burn pile areas, hours and dates of operation, and provisions for smoke management; and

(4) a topographic or similarly detailed map of the site and surrounding area within a one-mile circumference showing all structures that might be affected by the operation of the site.

Only trees, tree trimmings, or brush that cannot be disposed of by an alternative method such as chipping, composting, or other method shall be permitted to be burned at a permanent open burning

site. A permanent tree and brush open burning site must be located and operated so as not to create a nuisance or endanger water quality. The commissioner shall revoke the permit or order actions to mitigate threats to public health, safety, and the environment in the event that permit conditions are violated.

Sec. 40. Minnesota Statutes 2014, section 88.49, subdivision 3, is amended to read:

Subd. 3. **Recording Provisions of auxiliary forest contract to run with the land.** The commissioner shall submit such contract in recordable form to the owner of the land covered thereby. If the owner shall indicate to the commissioner an unwillingness to execute the same, or if the owner or any of the persons having an interest therein or lien thereon fail to execute it within 60 days from the time of its submission to the owner, all proceedings relating to the making of this land into an auxiliary forest shall be at an end.

~~When the contract shall have been executed it shall forthwith be recorded in the office of the county recorder at the expense of the owner or, if the title to the land be registered, with the registrar of titles. At the time the contract is recorded with the county recorder for record the owner, at the owner's expense, shall record with the county recorder a certificate from the county attorney to the effect that no change in record title thereof has occurred, that no liens or other encumbrances have been placed thereon, and that no taxes have accrued thereon since the making of the previous certificate. It shall be the duty of the county attorney to furnish this certificate without further compensation.~~

All the provisions of the a recorded contract shall be for an auxiliary forest are deemed covenants running with the land from the date of the filing of the contract for record.

Sec. 41. Minnesota Statutes 2014, section 88.49, subdivision 4, is amended to read:

Subd. 4. **Effect.** Upon the filing of the contract for record, the land therein described in the contract shall become, and; during the life of the contract; remain and be, an auxiliary forest entitled to all the benefits and subject to all the restrictions of sections 88.47 88.49 to 88.53, all of which shall be deemed a. These sections are part of the obligation of the contract and shall be are inviolate, subject only to the police power of the state, to the power of eminent domain, and to the right of the parties thereto by mutual agreement to make applicable to the contract any laws of the state enacted subsequent to its the execution and filing. This provision shall not be so construed as to prevent amendatory or supplementary legislation which does of the contract. Laws enacted subsequent to the date of execution of the contract are applicable to the contract, so long as the laws do not impair these the contract rights of the parties thereto, or as to prevent amendatory or supplementary legislation in respect of the culture, care, or management of the lands included in any such contract signatories of the contract or their successors or assigns.

Sec. 42. Minnesota Statutes 2014, section 88.49, subdivision 5, is amended to read:

Subd. 5. **Cancellation.** ~~Upon the failure of (a) If the owner fails to faithfully to fulfill and perform such the contract or, any provision thereof of the contract, or any requirement of sections 88.47 88.49 to 88.53, or any rule adopted by the commissioner thereunder~~ adopts under those sections, the commissioner may cancel the contract in the manner herein provided. The commissioner shall give to the owner, in the manner prescribed in section 88.48, subdivision 4, 60 days' notice of a hearing thereon at which the owner may appear and show cause, if any, why the contract should not be canceled. The commissioner shall thereupon then determine whether the contract should be canceled and make an order to that effect. Notice of the commissioner's determination and the making of the

~~order shall be given to~~ The commissioner shall give the owner in the manner provided in section 88.48, ~~subdivision 4~~ notice of the commissioner's determination and order. ~~On determining~~ If the commissioner determines that the contract should be canceled and ~~no appeal therefrom be taken~~ the owner does not appeal the determination as provided in subdivision 7, the commissioner shall send notice ~~thereof~~ of the cancellation to the auditor of the county and to the town clerk of the town affected and file with the recorder a certified copy of the order, ~~who~~. The recorder shall forthwith note the cancellation upon the record ~~thereof~~, and ~~thereupon~~ the land ~~therein~~ described in the contract shall cease to be an auxiliary forest and, together with the timber ~~thereon~~ on the land, become liable to for all taxes and assessments that otherwise would have been levied against it ~~had it never been an auxiliary forest~~ the land from the time of the making of the contract, ~~any notwithstanding provisions of the statutes of limitation to the contrary notwithstanding, less~~. The amount of taxes paid under ~~the provisions of~~ section 88.51, subdivision 1, together with interest on such taxes and assessments at six percent per annum, but without penalties, must be subtracted from the tax owed by the owner.

(b) The commissioner may ~~in like manner and with like effect~~ cancel the contract upon written application of the owner.

(c) The commissioner shall cancel ~~any~~ the contract if the owner has ~~made successful application successfully applied~~ under sections ~~290C.01 to 290C.11~~, the Sustainable Forest Incentive Act, sections 290C.01 to 290C.11, and has paid to the county treasurer the tax difference between the amount ~~which that~~ would have been paid had the land under contract been subject to the Minnesota Tree Growth Tax Law and the Sustainable Forest Incentive Act from the date of the recording of the contract and the amount actually paid under section 88.51, ~~subdivisions~~ subdivision 1, and Minnesota Statutes 2014, section 88.51, subdivision 2. ~~This tax difference must be calculated based on the years the lands would have been taxed under the Tree Growth Tax Law and the Sustainable Forest Incentive Act.~~ The sustainable forest tax difference is net of the incentive payment of section 290C.07. If the amount ~~which that~~ would have been paid, ~~had if~~ the land under contract ~~had been~~ under the Minnesota Tree Growth Tax Law and the Sustainable Forest Incentive Act from ~~the date of the filing of the contract~~, ~~was filed~~ is less than the amount actually paid under the contract, the cancellation shall be made without further payment by the owner.

~~When~~ (d) If the execution of ~~any~~ the contract creating an auxiliary forest ~~shall have been~~ is procured through fraud or deception ~~practiced upon~~ on the county board ~~or~~, the commissioner, or any other person or body representing the state, it may ~~be canceled~~ cancel it upon suit brought by the attorney general at the direction of the commissioner. This cancellation ~~shall have~~ has the same effect as the cancellation of a contract by the commissioner.

Sec. 43. Minnesota Statutes 2014, section 88.49, subdivision 6, is amended to read:

Subd. 6. **Assessment after cancellation.** (a) For the purpose of levying such taxes, the county auditor shall, immediately upon ~~receipt of receiving~~ notice of the cancellation of ~~any~~ a contract creating an auxiliary forest, direct the local assessor to assess the lands within the forest, excluding the value of merchantable timber and minerals and other things of value taxed under the provisions of Minnesota Statutes 2014, section 88.51, subdivision 2, ~~as of~~ for each of the years ~~during which the lands have been~~ were included within the auxiliary forest. The local assessor shall forthwith make the assessment and certify the same to the county auditor. The county auditor shall ~~thereupon~~ levy a tax on the assessable value of the land ~~as~~, fixed by section 273.13, for each of the years ~~during which the land has been~~ was within an auxiliary forest, at the rate at which other real estate within the taxing district was taxed in those years. The tax ~~so assessed and levied against any land shall~~

~~be~~ is a first and prior lien upon the land and upon all timber and forest products growing, grown, or cut ~~thereon~~ on the land and removed ~~therefrom~~ from the land. These taxes ~~shall~~ must be enforced in the same manner as other taxes on real estate are enforced and, ~~in addition thereto~~, the lien of the tax on forest products cut or removed from this land ~~shall~~ must be enforced by the seizure and sale of the forest products.

(b) No person shall, after the mailing by the commissioner, as provided in subdivision 5, of notice of hearing on the cancellation of a the contract making any lands an auxiliary forest, cut or remove from these lands any timber or forest products growing, grown, or cut thereon until all taxes levied under this subdivision ~~shall have been~~ are paid, or, ~~in the event such~~ if the levy shall ~~is not have been~~ completed, until the owner ~~shall have~~ has given a bond payable to the county, with sureties approved by the county auditor, in ~~such the amount as~~ the county auditor ~~shall deem~~ deems ample for the payment of all taxes that may be levied ~~thereon~~ under this subdivision, conditioned for the payment of ~~such the~~ the taxes.

(c) Any person who ~~shall violate any of the provisions of~~ violates this subdivision ~~shall be~~ is guilty of a felony.

Sec. 44. Minnesota Statutes 2014, section 88.49, subdivision 7, is amended to read:

Subd. 7. **Appeal.** (a) The owner may appeal from any cancellation order of the commissioner to the district court of the county ~~wherein~~ where the land is ~~situate~~, located by serving notice of appeal on the commissioner and filing the same with the court administrator of the district court within 30 days after the date of mailing ~~of~~ notice of such order.

(b) The appeal ~~shall~~ must be tried between the state of Minnesota and the owner by the court as a suit for the rescission of a contract is tried, and the judgment of the court ~~shall be~~ is substituted for the cancellation order of the commissioner, and ~~shall be~~ is final.

Sec. 45. Minnesota Statutes 2014, section 88.49, subdivision 8, is amended to read:

Subd. 8. **Proceedings in lieu of cancellation.** If cause for the cancellation of ~~any a~~ any contract ~~shall exist~~ exists, the commissioner may, in lieu of canceling ~~such the~~ the contract, perform the terms and conditions, ~~other than the payment of that the owner was required to perform, except that the commissioner may not pay any taxes; that the owner was required, by the contract or by law or by the rules of the commissioner, to be performed by the owner, and may for that purpose to have paid by law.~~ The commissioner may use any available moneys appropriated for the maintenance of the commissioner's division and any other lawful means to perform all other terms and conditions required to maintain the auxiliary forest status. The commissioner shall, on December 1 each year, certify to the auditor of each county the amount of moneys ~~thus~~ expended on and the value of services ~~thus~~ rendered in respect of any lands therein for land in the county since December 1 of the preceding year. The county auditor shall ~~forthwith~~ assess and levy the amount shown by this certificate against the lands described ~~therein~~. This amount ~~shall bear~~ bears interest at the rate of six percent per annum and ~~shall be~~ is a lien upon the lands described ~~therein, and~~. The collection ~~thereof~~ of the tax must be enforced in the same manner as taxes levied under section 88.52, subdivision 1, and; if ~~such the tax be~~ is not sooner paid, it ~~shall~~ must be added to, and the payment ~~thereof~~ enforced with, the yield tax imposed under section 88.52, subdivision 2.

Sec. 46. Minnesota Statutes 2014, section 88.49, subdivision 9, is amended to read:

Subd. 9. **Auxiliary forests; withdrawal of land from.** (a) Land needed for other purposes may be withdrawn from an auxiliary forest as ~~herein provided~~. The owner may submit a verified application therefor in a form prescribed by the commissioner of natural resources may be made by the owner to the county board of the county in which the land is situated, describing the land and stating the purpose of withdrawal. Like proceedings shall be had upon the application as upon an application for the establishment of an auxiliary forest, except that consideration need be given only to the questions to be determined as provided in this subdivision. The county board shall consider the application and hear any matter offered in support of or in opposition to the application. The county board shall make proper record of its action upon the application. If the application is rejected, the county board shall prepare a written statement stating the reasons for the rejection within 30 days of the date of rejection. If the application is rejected, the county auditor shall, within 30 days of the rejection, endorse the rejection on the application and return it, together with a copy of the written statement prepared by the county board stating the reasons for rejection to the applicant. The rejected application and written statement must be sent to the owner by certified mail at the address given in the application.

(b) If the application is disapproved as to only a part of the lands described, the county auditor shall notify the applicant in the same manner as if the application were rejected. The applicant may amend the application within 60 days after the notice is mailed. If it is not amended, the application is deemed rejected.

(c) If the county board ~~shall determine~~ determines that the land proposed to be withdrawn is needed and is suitable for the purposes set forth in the application, and that the remaining land in the auxiliary forest is suitable and sufficient for the purposes thereof of the auxiliary forest as provided by law, the board may, in its discretion, grant the application, subject to the approval of the commissioner. Upon such approval a supplemental contract evidencing the withdrawal shall be executed, filed, and recorded or registered as the case may require, in like manner as an original auxiliary forest contract. Thereupon by both the county board and the commissioner, the county auditor shall notify the applicant and the commissioner. Upon notice from the county auditor, the commissioner shall cause to be prepared a supplemental contract executed by the commissioner on behalf of the state and by the owner of the fee title or the holder of a state deed and by all other persons having any liens on the land and witnessed and acknowledged as provided by law for the execution of recordable deeds of conveyance. Notices sent by certified mail to the owner in fee at the address given in the application is deemed notice to all persons executing the supplemental contract. The supplemental contract must be prepared by the director of the Division of Forestry on a recordable form approved by an attorney appointed by the commissioner. Every supplemental contract must be approved by the Executive Council. The commissioner shall submit the supplemental contract to the owner of the land. If the owner indicates to the commissioner an unwillingness to execute the supplemental contract, or if the owner or any of the persons with an interest in the land or a lien upon the land fail to execute the contract within 60 days from the time of submission of the contract to the owner for execution, all proceedings relating back to the withdrawal of the land from an auxiliary forest shall be at an end. When the supplemental contract is executed, it must be recorded in the office of the county recorder at the expense of the owner or, if the title to the land is registered, the supplemental contract must be recorded with the registrar of titles. At the time the contract is recorded with the county recorder, the owner, at the owner's expense, shall record with the county recorder a certificate from the county attorney to the effect that no change in record title to the land has occurred, that no liens or other encumbrances have been placed on the land, and that no taxes have accrued on the land since the making of the previous certificate. The county

attorney must furnish this certificate without further compensation. Upon execution and recording of the supplemental contract, the land described in the supplemental contract ~~shall cease that is to be withdrawn from the auxiliary forest ceases to be part of the auxiliary forest, and, together with the timber thereon, shall be~~ the owner is liable to taxes and assessments of the withdrawn portion together with the timber on the withdrawn portion in like manner as upon cancellation of an auxiliary forest contract.

Sec. 47. Minnesota Statutes 2014, section 88.49, subdivision 11, is amended to read:

Subd. 11. **Auxiliary forests; transfer of title; procedure on division.** The title to the land in an auxiliary forest or any part thereof of an auxiliary forest is subject to transfer in the same manner as the title to other real estate, subject to the auxiliary forest contract therefor and to applicable provisions of law. ~~In case~~ If the ownership of ~~such a~~ an auxiliary forest is divided into two or more parts by any transfer or transfers of title and the owners of all ~~such~~ the parts desire to have the ~~same~~ parts made separate auxiliary forests, ~~they~~ the owners may join in a verified application therefor to the county board of the county in which the forest is situated in a form prescribed by the commissioner of natural resources. If the county board determines that each of the parts into which the forest has been divided is suitable and sufficient for a separate auxiliary forest as provided by law, it may, ~~in its discretion,~~ grant the application, subject to the approval of the commissioner. Upon ~~such~~ approval, the commissioner shall prepare a new auxiliary forest contract for each part transferred, with like provisions and for the remainder of the same term as the prior contract in force for the entire forest at the time of the transfer, and shall also prepare a modification of ~~such the~~ prior contract, eliminating therefrom the part or parts of the land transferred but otherwise leaving the remaining land subject to all the provisions of ~~such the~~ contract. The new contract or contracts and modification of the prior contract ~~shall must~~ be executed and otherwise dealt with in like manner as provided for an ~~original~~ supplemental auxiliary forest contract in subdivision 9, but no such instrument ~~shall must~~ take effect until all of them, ~~covering together all parts of the forest existing before the transfer,~~ have been executed, filed, and recorded or registered, ~~as the case may require.~~ Upon the taking effect of ~~When~~ all ~~such the~~ instruments take effect, the owner of the forest prior to the transfer ~~shall be~~ is divested of all rights and relieved from all liabilities under the contract then in force with respect to the parts transferred except ~~such those~~ as may have existed or accrued at the time of the taking effect of such instruments, and thereafter the several tracts into which the forest has been divided and the respective owners thereof ~~shall be~~ are subject to the new contract or contracts or the modified prior contract relating thereto, as the case may be, as provided for an original auxiliary forest contract. The provisions of this subdivision shall not supersede or affect the application of any other provision of law to any auxiliary forest which is divided by transfer of title unless the procedure herein authorized is fully consummated.

Sec. 48. Minnesota Statutes 2014, section 88.491, subdivision 2, is amended to read:

Subd. 2. **Effect of expired contract.** When auxiliary forest contracts expire, or prior to expiration by mutual agreement between the ~~land owner~~ landowner and the appropriate county office, the lands previously covered by an auxiliary forest contract automatically qualify for inclusion under the provisions of the Sustainable Forest Incentive Act; provided that when such lands are included in the Sustainable Forest Incentive Act prior to expiration of the auxiliary forest contract, they will be transferred and a tax paid as provided in section 88.49, subdivision 5, upon application and inclusion in the sustainable forest incentive program. The ~~land owner~~ landowner shall pay taxes in an amount equal to the difference between:

(1) the sum of:

(i) the amount which would have been paid from the date of the recording of the contract had the land under contract been subject to the Minnesota Tree Growth Tax Law; plus

(ii) beginning with taxes payable in 2003, the taxes that would have been paid if the land had been enrolled in the sustainable forest incentive program; and

(2) the amount actually paid under section 88.51, ~~subdivisions~~ subdivision 1, and Minnesota Statutes 2014, section 88.51, subdivision 2.

Sec. 49. Minnesota Statutes 2014, section 88.50, is amended to read:

**88.50 TAXATION.**

Every auxiliary forest in this state ~~shall~~ must be taxed ~~in the manner and to the extent hereinafter provided according to sections 88.49 to 88.53~~ and not otherwise. Except as expressly permitted by sections ~~88.47~~ 88.49 to 88.53, no auxiliary forest shall be taxed for, or ~~in any manner,~~ directly or indirectly made to contribute to, or become liable for the payment of, any tax or assessment, general or special, or any bond, certificate of indebtedness, or other public obligation of any name or kind, made, issued, or created subsequent to the filing of the contract creating the auxiliary forest, provided that temporary buildings, structures, or other fixtures ~~of whatsoever kind~~ located upon land within an auxiliary forest shall be valued and assessed as personal property and classified as class 3 under the general system of ad valorem taxation. In any proceeding for the making of a special improvement under the laws of this state by which any auxiliary forest will be benefited, the owner ~~thereof~~ may subject the lands ~~therein~~ to assessment ~~therefor~~ in the manner provided by law, by filing the owner's written consent in writing to the ~~making of the~~ assessment in the tribunal in which the proceeding is pending, ~~whereupon~~. The lands shall for the purposes of the improvement and assessment ~~not~~ be treated as lands ~~not~~ in an auxiliary forest; but the lien of any assessment ~~so~~ levied on lands in any auxiliary forest ~~shall be~~ is subject to the provisions of the contract creating the auxiliary forest and subordinate to the lien of any tax imposed under the provisions of sections ~~88.47~~ 88.49 to 88.53.

Sec. 50. Minnesota Statutes 2014, section 88.51, subdivision 1, is amended to read:

Subdivision 1. **Annual tax, ten cents per acre.** (a) From and after the filing of the contract creating any tract of land an auxiliary forest under sections ~~88.47~~ 88.49 to 88.53 and hereafter upon any tract heretofore created as an auxiliary forest, the surface of the land ~~therein~~, exclusive of mineral or anything of value thereunder, ~~shall~~ must be taxed annually at the rate of 10 cents per acre. This tax ~~shall~~ must be levied and collected, and the payment ~~thereof~~ of the tax, with penalties and interest, enforced in the same manner as other taxes on real estate, and ~~shall~~ must be credited to the funds of the taxing districts affected in the proportion of their interest in the taxes on this land if it had not been so made an auxiliary forest; provided, that such tax ~~shall be~~ is due in full on or before May 31, after the levy thereof. Failure to pay when due any tax so levied ~~shall be~~ is cause for cancellation of the contract.

(b) The levy upon the land of the taxes provided for by section 88.49, subdivision 5, upon the cancellation of a contract, ~~shall discharge and annul~~ discharges and annuls all unpaid taxes levied or assessed ~~thereon~~ on the land.

Sec. 51. Minnesota Statutes 2014, section 88.51, subdivision 3, is amended to read:

Subd. 3. **Determination of estimated market value.** In determining the net tax capacity of property within any taxing district, the value of the surface of lands within any auxiliary forest ~~therein~~ in the taxing district, as determined by the county board ~~under the provisions of section 88.48, subdivision 3~~, shall, for all purposes except the levying of taxes on lands within any such forest, be deemed the estimated market value ~~thereof~~ of those surface lands.

Sec. 52. Minnesota Statutes 2014, section 88.52, subdivision 2, is amended to read:

Subd. 2. **Examination, report.** When any timber growing or standing in any auxiliary forest ~~shall have become~~ is suitable for merchantable forest products, the commissioner shall, at the written request of the owner, a copy of which shall at the time be filed in the office of the county auditor, make an examination of the timber and designate for the owner the kind and number of trees most suitable to be cut if in the judgment of the commissioner ~~there be any, and~~. The cutting and removal of ~~these designated trees so designated shall~~ must be in accordance with the instructions of the commissioner. The commissioner shall inspect the cutting or removal and determine whether it or the manner of its performance constitute a violation of the terms of the contract creating the auxiliary forest or of the laws applicable ~~thereto~~ laws, or of the instructions of the commissioner relative to the cutting and removal. Any such violation ~~shall be~~ is ground for cancellation of the contract by the commissioner; otherwise the contract ~~shall continue~~ continues in force for the remainder of the period ~~therein~~ stated in the contract, regardless of the cutting and removal. Within 90 days after the completion of any cutting or removal operation, the commissioner shall make a report of findings ~~thereon~~ and transmit copies of ~~such~~ the report to the county auditor and the surveyor general.

Sec. 53. Minnesota Statutes 2014, section 88.52, subdivision 3, is amended to read:

Subd. 3. **Kinds, permit, scale report, assessment and payment of tax.** (a) Upon ~~the~~ filing of the ~~owner's written request of the owner as provided in subdivision 2~~, the director of ~~lands and forestry~~, with the county board or the county land commissioner, shall determine within 30 days the kinds, quantities, and value on the stump of the timber proposed to be cut.

Before the cutting is to begin, the director of ~~lands and forestry~~ shall file with the county auditor a report showing the kinds, quantities, and value of the timber proposed to be cut or removed and approved by the director of ~~lands and forestry~~ for cutting within two years after the date of approval of the report by the director of ~~lands and forestry~~. The county auditor shall assess and levy the estimated yield tax thereon, make proper record of this assessment and levy in the auditor's office, and notify the owner of the auxiliary forest of the tax amount ~~thereof~~. The owner shall, before any timber in the forest is cut or removed, give a bond payable to the state of Minnesota, or ~~in lieu thereof~~, a deposit in cash with the county treasurer, in the amount required by the report, which shall be and not less than 150 percent of the amount of the levy, conditioned for the payment of all taxes on the timber to be cut or removed. Upon receipt of notification from the county auditor that the bond or cash requirement has been deposited, the director of ~~lands and forestry~~ will issue a cutting permit in accordance with the report. The owner shall keep an accurate count or scale of all timber cut. On or before ~~the fifteenth day of April 15~~ following issuance of such the cutting permit, and on or before ~~the fifteenth day of April 15~~ of each succeeding year in which any merchantable wood products were cut on auxiliary forest lands prior to the termination of such the permit, the owner of the timber covered by the permit shall file with the director of ~~lands and forestry~~ a sworn statement, submitted in duplicate; on a form prepared by the director of ~~lands and forestry~~, one copy of which ~~shall~~ must be transmitted to the county auditor, specifying the quantity and value of each variety of timber and kind of product cut during the preceding year ending on March 31, as shown

by the scale or measurement thereof made on the ground as cut, skidded, or loaded as the case may be. If no such scale or measurement ~~shall have been~~ was made on the ground, an estimate thereof ~~shall must~~ be made and such estimate corrected by the first scale or measurement; made in the due course of business, ~~and such~~. The correction must at once be filed with the director of ~~lands and~~ forestry who shall immediately transmit it to the county auditor. On or before ~~the fifteenth day of~~ May 15 following the filing of the sworn statement covering the quantity and value of timber cut under an authorized permit, the auditor shall assess and levy a yield (severance) tax, according to Minnesota Statutes 2014, section 88.51, subdivision 2, of the timber cut during the year ending on ~~the March 31st~~ 31 preceding the date of assessing and levying this tax. This tax is payable and must be paid to the county treasurer on or before ~~the following~~ May 31 ~~next following~~. Copies of the yield (severance) tax assessment and of the yield (severance) tax payment ~~shall must~~ be filed with the director of ~~lands and~~ forestry and the county auditor. Except as otherwise provided, all yield (severance) taxes herein provided for ~~shall must~~ be levied and collected, and payment thereof, with penalties and interest, enforced in the same manner as taxes imposed under ~~the provisions of~~ section 88.51, subdivision 1, and ~~shall must~~ be credited to the funds of the taxing districts affected in the proportion of their interests in the taxes on the land producing the yield (severance) tax. ~~At any time~~ On deeming it necessary, the director of ~~lands and~~ forestry may order an inspection of any or all cutting areas within an auxiliary forest and also may require the owner of the auxiliary forest to produce for inspection by the director of ~~lands and~~ forestry of any or all cutting records pertaining to timber cutting operations within an auxiliary forest for the purpose of determining the accuracy of scale or measurement reports, and if intentional error in scale or measurement reports is found to exist, shall levy and assess a tax triple the yield (severance) tax on the stumpage value of the timber cut in excess of the quantity and value reported.

(b) The following alternative method of assessing and paying annually the yield tax on an auxiliary forest is to be available to an auxiliary forest owner upon application and upon approval of the county board of the county within which the auxiliary forest is located.

For auxiliary forests entered under this ~~subdivision~~ paragraph, the county auditor shall assess and levy the yield tax by multiplying the acreage of each legal description included within the auxiliary forest by the acre quantity of the annual growth by species, calculated in cords, or in thousands of feet board measure Minnesota standard log scale rule, whichever is more reasonably usable, for the major species found in each type by the from year-to-year appraised stumpage prices for each of these species, used by the Division of ~~Lands and~~ Forestry, Department of Natural Resources, in selling trust fund timber located within the district in which the auxiliary forest is located. The assessed value of the annual growth of the auxiliary forest, thus determined, ~~shall be~~ is subject to a ten percent of stumpage value yield tax, payable annually on or before May 31. In all other respects the assessment, levying and collection of the yield tax, as provided for in this subdivision ~~shall must~~ follow the procedures specified in ~~clause~~ paragraph (a).

Forest owners operating under this ~~subdivision~~ shall be paragraph are subject to all other provisions of the auxiliary forest law except ~~such the~~ provisions of ~~clause~~ paragraph (a) as that are in conflict with this ~~subdivision~~ paragraph. Penalties for intentional failure by the owner to report properly the quantity and value of the annual growth upon an auxiliary forest entered under this ~~subdivision~~ paragraph and for failure to pay the yield tax when due ~~shall be~~ are the same as the penalties specified in other subdivisions of this law for like failure to abide by its provisions.

To qualify for the assessment and levying of the yield tax by this method, the owner of the forest requesting this method of taxation must submit a map or maps and a tabulation in acres and in

quantity of growth by legal descriptions showing the division of the area covered by the auxiliary forest for which this method of taxation is requested into the following forest types, namely: white and Norway red pine; jack pine; aspen-birch; spruce-balsam fir; swamp black spruce; tamarack; cedar; upland hardwoods; lowland hardwoods; upland brush and grass (temporarily nonproductive); lowland brush (temporarily nonproductive); and permanently nonproductive (open bogs, stagnant swamps, rock outcrops, flowage, etc.). Definition of these types and determination of the average rate or rates of growth (in cords or thousand feet, board measure, Minnesota standard log scale rule, ~~which ever~~ whichever is more logically applicable for each of them) ~~shall~~ must be made by the director of the Division of ~~Lands and~~ Forestry, Minnesota Department of Natural Resources, with the advice and assistance of the land commissioner of the county in which the auxiliary forest is located; the director of the United States Forest Service's North Central Forest Experiment Station; and the director of the School of Forestry, University of Minnesota. Before the approval of the application of the owner of an auxiliary forest to have the auxiliary ~~or proposed auxiliary~~ forest taxed under provisions of this ~~subdivision~~ paragraph is submitted to the county board, the distribution between types of the area as shown on the maps and in the tabulations submitted by the owner of the auxiliary ~~or proposed auxiliary~~ forest ~~shall~~ must be examined and their accuracy determined by the director of the Division of ~~Lands and~~ Forestry, Department of Natural Resources, with the assistance of the county board of the county in which the auxiliary forest is located.

During the life of the auxiliary forest, contract timber cutting operations within the various types shown upon the type map accepted as a part of the approved auxiliary forest application ~~shall do not~~ bring about a reclassification of the forest types shown upon that map or those maps until after the passage of ten years following the termination of said the timber cutting operations and then only upon proof of a change in type.

Sec. 54. Minnesota Statutes 2014, section 88.52, subdivision 4, is amended to read:

Subd. 4. **Hearing, procedure.** The owner of any land or timber upon which a yield tax is assessed and levied as provided in this section may, within 15 days after mailing of notice of the amount of the tax, file with the county auditor a demand for hearing ~~thereon on the tax~~ before the county board. The county auditor shall thereupon fix a date of hearing, which ~~shall~~ must be held within 30 days after the filing of the demand, and mail to the owner notice of the time and place of the hearing. The owner may appear at the meeting and present evidence and argument as to the amount of the tax and as to any related matter relating thereto. The county board shall ~~thereupon~~ determine whether the tax as levied is proper in amount and make its order ~~thereon~~. The county auditor shall ~~forthwith~~ mail to the owner a notice of the order. If the amount of the tax is increased or reduced by the order, the county auditor shall make a supplemental assessment and levy ~~thereof~~, as in this subdivision provided.

Sec. 55. Minnesota Statutes 2014, section 88.52, subdivision 5, is amended to read:

Subd. 5. **Yield tax, a prior lien.** Throughout the life of any ~~such~~ auxiliary forest, the ~~yield tax~~ accruing ~~thereon shall constitute and be~~ yield tax constitutes and is a first and prior lien upon all the merchantable timber and forest products growing or grown thereon; and, if not paid when due, this yield tax, together with penalties and interest ~~thereon~~ as otherwise provided by law and all expenses of collecting same, ~~shall continue~~ continues to be a lien upon the timber and forest products and every part and parcel thereof ~~wherever the same may be or~~ however much changed in form or otherwise improved until the yield tax is fully paid. ~~Such~~ The lien may be foreclosed and the

property subject ~~thereto~~ to the lien dealt with by action in the name of the state, brought by the county attorney at the request of the county auditor.

Sec. 56. Minnesota Statutes 2014, section 88.52, subdivision 6, is amended to read:

Subd. 6. **Timber held exempt from yield tax.** Timber cut from an auxiliary forest by an owner and used by the owner for fuel, fencing, or building on land occupied by the owner which is within or contiguous to the auxiliary forest where cut ~~shall be~~ is exempt from the yield tax, and, as to timber so cut and used, the requirements of subdivisions ~~1 and 2 shall do not be applicable and in lieu thereof apply.~~ 1 and 2 shall do not be applicable and in lieu thereof apply. The owner shall, prior to cutting, file with the county auditor, on a form prepared by the commissioner, a statement showing the quantity of each kind of forest products proposed to be cut and the purposes for which the ~~same~~ the products will be used.

Sec. 57. Minnesota Statutes 2014, section 88.523, is amended to read:

**88.523 AUXILIARY FOREST CONTRACTS; SUPPLEMENTAL AGREEMENTS.**

Upon application of the owner, any auxiliary forest contract ~~heretofore or hereafter executed~~ may be made subject to any provisions of law enacted subsequent to the execution of the contract and in force at the time of application, so far as not already applicable, with the approval of the county board and the commissioner of natural resources. ~~As evidence thereof~~ A supplemental agreement in a form prescribed by the commissioner and approved by the attorney general ~~shall~~ must be executed by the commissioner in behalf of the state and by the owner. ~~Such~~ The supplemental agreement ~~shall~~ must be filed and recorded in like manner as the ~~original supplemental~~ original supplemental contract under section 88.49, subdivision 9, and shall thereupon take effect upon filing and recording.

Sec. 58. Minnesota Statutes 2014, section 88.53, subdivision 1, is amended to read:

Subdivision 1. **Time for disposal.** ~~Any corporation, association, or organization may acquire and hold any amount of land without restriction and without limit as to acreage or quantity for the purpose of including same within and holding same as an auxiliary forest under the provisions of sections 88.47 to 88.53. When the same shall cease land ceases to be an auxiliary forest, the owners shall have five years within which to dispose of the land, any provisions of general law to the contrary notwithstanding.~~

Sec. 59. Minnesota Statutes 2014, section 88.53, subdivision 2, is amended to read:

Subd. 2. **Rules.** The director shall make rules and adopt and prescribe such forms and procedure as ~~shall be~~ is necessary in carrying out the provisions of sections ~~88.47-88.49~~ 88.49 to 88.53; and the director and every county board, county recorder, registrar of titles, assessor, tax collector, and every other person in official authority having any duties to perform under or growing out of sections ~~88.47-88.49~~ 88.49 to 88.53 are hereby severally vested with full power and authority to enforce such rules, employ help and assistance, acquire and use equipment and supplies, or do any other act or thing reasonably necessary to the proper performance of duties under or arising from the administration and enforcement of sections ~~88.47-88.49~~ 88.49 to 88.53. ~~It shall be the duty of~~ The director to ~~must~~ cause periodic inspections to be made of all auxiliary forests for the purpose of determining whether relative contract and statutory provisions relative thereto are being complied with.

Sec. 60. Minnesota Statutes 2014, section 88.6435, subdivision 4, is amended to read:

Subd. 4. **Forest bough account; disposition of fees.** (a) The forest bough account is established in the state treasury within the natural resources fund.

(b) Fees for permits issued under this section shall must be deposited in the state treasury and credited to the forest bough account and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are annually appropriated to the commissioner of natural resources for costs associated with ~~balsam bough educational~~ special forest product information and education programs for harvesters and buyers.

Sec. 61. Minnesota Statutes 2014, section 90.14, is amended to read:

**90.14 AUCTION SALE PROCEDURE.**

(a) All state timber shall be offered and sold by the same unit of measurement as it was appraised. No tract shall be sold to any person other than the purchaser in whose name the bid was made. The commissioner may refuse to approve any and all bids received and cancel a sale of state timber for good and sufficient reasons.

(b) The purchaser at any sale of timber shall, immediately upon the approval of the bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section 90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the appraised value. In case any purchaser fails to make such payment, the purchaser shall be liable therefor to the state in a civil action, and the commissioner may reoffer the timber for sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

(c) In lieu of the scaling of state timber required by this chapter, a purchaser of state timber may, at the time of payment by the purchaser to the commissioner of 15 percent of the appraised value, elect in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described in the permit, provided that the commissioner has expressly designated the availability of such option for that tract on the list of tracts available for sale as required under section 90.101. A purchaser who elects in writing on a form prescribed by the attorney general to purchase a permit based solely on the appraiser's estimate of the volume of timber described on the permit does not have recourse to the provisions of section 90.281.

(d) In the case of a public auction sale conducted by a sealed bid process, tracts shall be awarded to the high bidder, who shall pay to the commissioner a down payment of 15 percent of the appraised value that must be received or postmarked within 14 days of the date of the sealed bid opening. If a purchaser fails to make the down payment, the purchaser is liable for the down payment to the state and the commissioner may offer the timber for sale to the next highest bidder as though no higher bid had been made.

(e) Except as otherwise provided by law, at the time the purchaser signs a permit issued under section 90.151, the commissioner shall require the purchaser to make a bid guarantee payment to the commissioner in an amount equal to 15 percent of the total purchase price of the permit less the down payment amount required by paragraph (b) for any bid increase in excess of ~~\$5,000~~ \$10,000 of the appraised value. If a required bid guarantee payment is not submitted with the signed permit, no harvesting may occur, the permit cancels, and the down payment for timber forfeits to the state. The bid guarantee payment forfeits to the state if the purchaser and successors in interest fail to execute an effective permit.

**EFFECTIVE DATE.** This section is effective June 1, 2015, and applies to permits sold on or after that date.

Sec. 62. Minnesota Statutes 2014, section 90.193, is amended to read:

**90.193 EXTENSION OF TIMBER PERMITS.**

The commissioner may, in the case of an exceptional circumstance beyond the control of the timber permit holder which makes it unreasonable, impractical, and not feasible to complete cutting and removal under the permit within the time allowed, grant one regular extension for one year. A written request for the regular extension must be received by the commissioner before the permit expires. The request must state the reason the extension is necessary and be signed by the permit holder. An interest rate of ~~eight~~five percent may be charged for the period of extension.

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

Sec. 63. **[92.83] CONDEMNATION OF SCHOOL TRUST LAND.**

Subdivision 1. **Purpose.** The purpose of this section is to extinguish the school trust interest in school trust lands where long-term economic return is prohibited by designation or policy while producing economic benefits for Minnesota's public schools. For the purposes of satisfying the Minnesota Constitution, article XI, section 8, which limits the sale of school trust lands to a public sale, the commissioner of natural resources shall acquire school trust lands through condemnation, as provided in subdivision 2.

Subd. 2. **Commencement of condemnation proceedings.** When the commissioner of natural resources has determined sufficient money is available to acquire any of the lands identified under section 84.027, subdivision 18, paragraph (c), the commissioner shall proceed to extinguish the school trust interest by condemnation action. When requested by the commissioner, the attorney general shall commence condemnation of the identified school trust lands.

Subd. 3. **Payment.** The portion of the payment of the award and judgment that is for the value of the land shall be deposited into the permanent school fund. The remainder of the award and judgment payment shall first be remitted for reimbursement to the accounts from which expenses were paid, with any remainder deposited into the permanent school fund.

Subd. 4. **Account.** The school trust lands account is created in the state treasury. Money credited to the account is appropriated to the commissioner of natural resources for the purposes of this section.

Sec. 64. Minnesota Statutes 2014, section 94.10, subdivision 2, is amended to read:

Subd. 2. **Public sale requirements.** (a) After complying with subdivision 1 and before any public sale of surplus state-owned land is made and at least 30 days before the sale, the commissioner of natural resources shall publish a notice of the sale in a newspaper of general distribution in the county in which the real property to be sold is situated. The notice shall specify the time and place at which the sale will commence, a general description of the lots or tracts to be offered, and a general statement of the terms of sale. The commissioner shall also provide electronic notice of sale.

(b) The minimum bid for a parcel of land must include the estimated value or appraised value of the land and any improvements and, if any of the land is valuable for merchantable timber, the value of the merchantable timber. The minimum bid may include expenses incurred by the commissioner in rendering the property salable, including survey, appraisal, legal, advertising, and other expenses.

(c) Except as provided under paragraph (d), parcels remaining unsold after the offering may be sold to anyone agreeing to pay at least 75 percent of the appraised value. The sale shall continue until all parcels are sold or until the commissioner orders a reappraisal or withdraws the remaining parcels from sale.

(d) The commissioner may retain the services of a licensed real estate broker to find a buyer for parcels remaining unsold after the offering. The sale price may be negotiated by the broker, but must not be less than 90 percent of the appraised value as determined by the commissioner. The broker's fee must be established by prior agreement between the commissioner and the broker and must not exceed ten percent of the sale price for sales of \$10,000 or more. The broker's fee must be paid to the broker from the proceeds of the sale.

Sec. 65. Minnesota Statutes 2014, section 94.16, subdivision 2, is amended to read:

Subd. 2. **Payment of expenses.** A portion of the proceeds from the sale equal in amount to the survey, appraisal, legal, advertising, real estate broker fee, and other expenses incurred by the commissioner of natural resources in rendering the property salable and sold shall be remitted to the account from which the expenses were paid, and are appropriated and immediately available for expenditure in the same manner as other money in the account.

Sec. 66. Minnesota Statutes 2014, section 94.16, subdivision 3, is amended to read:

Subd. 3. **Proceeds from natural resources land.** (a) Except as provided in ~~paragraph~~ paragraphs (b) and (c), the remainder of the proceeds from the sale of lands classified as a unit of the outdoor recreation system under section 86A.05 that were under the control and supervision of the commissioner of natural resources shall be credited to the land acquisition account in the natural resources fund.

(b) The remainder of the proceeds from the sale of administrative sites under the control and supervision of the commissioner of natural resources shall be credited to the facilities management account established under section 84.0857 and used to acquire facilities or renovate existing buildings for administrative use or to acquire land for, design, and construct administrative buildings for the Department of Natural Resources.

(c) The remainder of the proceeds from the sale of land not within a unit of the outdoor recreation system under section 86A.05 and not an administrative site, but under the control and supervision of the commissioner of natural resources, shall be credited to the school trust lands account established under section 92.83.

Sec. 67. Minnesota Statutes 2014, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight committees.** (a) The commissioner shall appoint committees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following committees, each comprised of at least ten affected persons:

(1) a Fisheries Oversight Committee to review fisheries funding and expenditures, including activities related to trout and salmon stamps and walleye stamps; and

(2) a Wildlife Oversight Committee to review wildlife funding and expenditures, including activities related to migratory waterfowl, pheasant, and wild turkey management and deer and big game management.

(c) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee, and four additional members from each committee, shall form a Budgetary Oversight Committee to coordinate the integration of the fisheries and wildlife oversight committee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; and provide a forum to address issues that transcend the fisheries and wildlife oversight committees.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee shall be chosen by their respective committees. The chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of either of the other oversight committees.

(f) The Budgetary Oversight Committee may make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) The committees authorized under this subdivision are not advisory councils or committees governed by section 15.059 and are not subject to section 15.059. Committee members appointed by the commissioner may request reimbursement for mileage expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Committee members must not receive daily compensation for oversight activities. The Fisheries Oversight Committee, the Wildlife Oversight Committee, and the Budgetary Oversight Committee expire June 30, ~~2015~~ 2020.

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

Sec. 68. Minnesota Statutes 2014, section 97B.668, is amended to read:

**97B.668 CANADA-GEESE GAME BIRDS CAUSING DAMAGE.**

Notwithstanding sections 97B.091 and 97B.805, subdivisions 1 and 2, a person or agent of that person on lands and nonpublic waters owned or operated by the person may nonlethally scare, haze, chase, or harass Canada geese game birds that are causing property damage ~~from March 11 to August 31~~ or to protect a disease risk at any time or place that a hunting season for the game birds is not open. This section does not apply to public waters as defined under section 103G.005, subdivision 15, ~~or.~~ This section does not apply to migratory waterfowl on nests and other federally protected game birds on nests, except ducks and geese on nests unless when a permit is obtained under section 97A.401.

Sec. 69. Minnesota Statutes 2014, section 97C.301, is amended by adding a subdivision to read:

Subd. 2a. **Aquatic invasive species affirmation.** (a) A nonresident license to take fish issued under section 97A.475, subdivision 7, includes aquatic invasive species affirmation as provided in section 84D.106.

(b) The aquatic invasive species affirmation portion of the license must be displayed with the signed nonresident license to take fish issued under section 97A.475, subdivision 7. The aquatic invasive species affirmation will be provided at the time of purchase of a new or duplicate nonresident license.

(c) If a license is purchased online, the aquatic invasive species affirmation may be completed electronically as part of the online sales process, and the electronic record of the license sale is sufficient for documenting the affirmation.

(d) Failure to complete the aquatic invasive species affirmation in this subdivision is subject to the penalty prescribed in section 84D.13, subdivision 5.

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

Sec. 70. Minnesota Statutes 2014, section 103B.101, is amended by adding a subdivision to read:

Subd. 12a. **Authority to issue penalty orders.** (a) A county or watershed district with jurisdiction or the Board of Water and Soil Resources may issue an order requiring violations of the water resources riparian protection requirements under sections 103F.48, 103F.415, and 103F.421, to be corrected and administratively assessing monetary penalties up to \$500 for noncompliance commencing on day one of the 11th month after the noncompliance notice was issued. One-half of the proceeds collected from an administrative penalty order issued under this section must be remitted to the county or watershed district with jurisdiction over the noncompliant site.

(b) Administrative penalties may be reissued and appealed under paragraph (a) according to section 103F.48, subdivision 9.

Sec. 71. Minnesota Statutes 2014, section 103B.101, is amended by adding a subdivision to read:

Subd. 16. **Wetland stakeholder coordination.** The board shall work with wetland stakeholders to foster mutual understanding and provide recommendations for improvements to the management of wetlands and related land and water resources, including recommendations for updating the Wetland Conservation Act, developing an in-lieu fee program as defined in section 103G.005, subdivision 10g, and related provisions. The board may convene informal working groups or work teams to provide information and education and to develop recommendations.

Sec. 72. **[103B.103] EASEMENT STEWARDSHIP ACCOUNTS.**

Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation easement stewardship account. Revenue from contributions, wetland banking fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

Subd. 2. **Appropriation; purposes of accounts.** Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent only to cover the costs of managing easements held by the board, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with easement management activities.

Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland banking easement acquired by the board. Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of state and local employees expected to manage the easement;

(3) the estimated annual travel expenses to manage the easement;

(4) the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift or as a condition of approval for wetland mitigation as provided in Minnesota Rules, chapter 8420, that are initiated on or after July 1, 2015.

Sec. 73. Minnesota Statutes 2014, section 103B.3355, is amended to read:

**103B.3355 WETLAND FUNCTIONS FOR DETERMINING PUBLIC VALUES.**

(a) The public values of wetlands must be determined based upon the functions of wetlands for:

(1) water quality, including filtering of pollutants to surface and groundwater, utilization of nutrients that would otherwise pollute public waters, trapping of sediments, shoreline protection, and utilization of the wetland as a recharge area for groundwater;

(2) floodwater and storm water retention, including the potential for flooding in the watershed, the value of property subject to flooding, and the reduction in potential flooding by the wetland;

(3) public recreation and education, including hunting and fishing areas, wildlife viewing areas, and nature areas;

(4) commercial uses, including wild rice and cranberry growing and harvesting and aquaculture;

(5) fish, wildlife, native plant habitats;

(6) low-flow augmentation;

(7) carbon sequestration; and

(8) other public uses.

(b) The Board of Water and Soil Resources, in consultation with the commissioners of natural resources and agriculture and local government units, shall adopt rules establishing:

(1) scientific methodologies for determining the functions of wetlands; and

(2) criteria for determining the resulting public values of wetlands.

(c) The methodologies and criteria established under this section or other methodologies and criteria that include the functions in paragraph (a) and are approved by the board, in consultation with the commissioners of natural resources and agriculture and local government units, must be used to determine the functions and resulting public values of wetlands in the state. The functions listed in paragraph (a) are not listed in order of priority.

(d) Public value criteria established or approved by the board under this section do not apply in areas subject to local comprehensive wetland protection and management plans established under section 103G.2243.

(e) The Board of Water and Soil Resources, in consultation with the commissioners of natural resources and agriculture and local government units, ~~may~~ must identify ~~regions~~ areas of the state where preservation, enhancement, restoration, and establishment of wetlands would have high public value. The board, in consultation with the commissioners, ~~may~~ must identify high priority ~~wetland regions~~ areas for wetland replacement using available information relating to the factors listed in paragraph (a), the historic loss and abundance of wetlands, current applicable state and local government water management and natural resource plans, and studies using a watershed approach to identify current and future watershed needs. The board shall notify local units of government with water planning authority of these high priority ~~regions~~ areas. Designation of high priority areas is exempt from the rulemaking requirements of chapter 14, and section 14.386 does not apply. Designation of high priority areas is not effective until 30 days after publication in the State Register.

(f) Local units of government, as part of a state-approved comprehensive local water management plan as defined in section 103B.3363, subdivision 3, a state-approved comprehensive watershed management plan as defined in section 103B.3363, subdivision 3a, or a state-approved local comprehensive wetland protection and management plan under section 103G.2243, may identify priority areas for wetland replacement and provide them for consideration under paragraph (e).

Sec. 74. Minnesota Statutes 2014, section 103D.335, subdivision 21, is amended to read:

Subd. 21. **Contracts.** The managers may make contracts or other arrangements with the federal government, persons, railroads or other corporations, political subdivisions, and the state or other states, with drainage authorities, flood control, soil conservation, or other improvement districts in this state or other states, for cooperation or assistance in constructing, maintaining, and operating the projects of the watershed district, or for the control of its waters, or for making surveys and investigations or reports on them. Property acquired for flood damage reduction purposes by the watershed district may be operated or leased by the district for agricultural purposes during periods the property is not needed for flood control, provided it remains subject to use by the watershed district as necessary for flood control purposes. Notwithstanding section 16A.695, revenue received by the watershed district from the operation or lease of state bond financed property acquired for flood control purposes shall be retained by the district in a separate project-specific account and used solely for flood control operation, maintenance, and replacement purposes within the related project area and, if the district determines that the account contains adequate reserves for future operation, maintenance, and replacement, any excess may be used for the construction, operation, maintenance, or replacement of other flood control projects as approved by the commissioner.

Sec. 75. Minnesota Statutes 2014, section 103F.421, subdivision 4, is amended to read:

Subd. 4. **Application for cost-sharing funds.** The landowner has 90 days after a mediated settlement is filed complaint is substantiated to apply for state cost-sharing funds that will provide 75 percent of the cost of the permanent conservation practices. Only 50-Fifty percent of the cost share will be provided if the application is not made within 90 days after the settlement is filed, unless the soil and water conservation district or the board provides an extension. An extension must be granted if funds are not available. The landowner must apply for 50 percent of the cost share within 270 days after the mediated settlement is filed.

Sec. 76. Minnesota Statutes 2014, section 103F.421, is amended by adding a subdivision to read:

Subd. 6. **Application of state and federal law.** Nothing in this section is intended to preclude the application of other applicable state or federal law.

Sec. 77. **[103F.48] RIPARIAN PROTECTION AND WATER QUALITY PRACTICES.**

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

(b) "Board" means the Board of Water and Soil Resources.

(c) "Buffer" means an area consisting of perennial vegetation, excluding invasive plants and noxious weeds, adjacent to all bodies of water within the state and that protects the water resources of the state from runoff pollution; stabilizes soils, shores, and banks; and protects or provides riparian corridors.

(d) "Buffer protection map" means buffer maps established and maintained by the commissioner of natural resources.

(e) "Commissioner" means the commissioner of natural resources.

(f) "Executive director" means the executive director of the Board of Water and Soil Resources.

(g) "Local water management authority" means a watershed district, metropolitan water management organization, or county operating separately or jointly in its role as local water management authority under chapter 103B or 103D.

(h) "Normal water level" means the level evidenced by the long-term presence of surface water as indicated directly by hydrophytic plants or hydric soils or indirectly determined via hydrological models or analysis.

(i) "Public waters" has the meaning given in section 103G.005, subdivision 15.

Subd. 2. **Purpose.** It is the policy of the state to establish riparian buffers and water quality practices to:

- (1) protect state water resources from erosion and runoff pollution;
- (2) stabilize soils, shores, and banks; and
- (3) protect or provide riparian corridors.

Subd. 3. **Water resources riparian protection requirements on public waters and public drainage systems.** (a) Except as provided in paragraph (b), landowners owning property adjacent to a water body identified and mapped on a buffer protection map must maintain a buffer to protect the state's water resources as follows:

(1) for all public waters, the more restrictive of:

(i) a 50-foot average width, 30-foot minimum width, continuous buffer of perennially rooted vegetation; or

(ii) the state shoreland standards and criteria adopted by the commissioner under section 103F.211; and

(2) for public drainage systems established under chapter 103E, a 16.5-foot minimum width continuous buffer of perennially rooted vegetation on ditches within the benefited area of public drainage systems.

(b) A landowner owning property adjacent to a water body identified in a buffer protection map and whose property is used for cultivation farming may meet the requirements under paragraph (a) by adopting an alternative riparian water quality practice, or combination of structural, vegetative, and management practices, based on the Natural Resources Conservation Service Field Office Technical Guide or other practices approved by the board, that provide water quality protection comparable to the buffer protection for the water body that the property abuts.

(c) The width of a buffer must be measured from the top or crown of the bank. Where there is no defined bank, measurement must be from the edge of the normal water level.

(d) Upon request by a landowner or authorized agent or operator of a landowner, a technical professional employee or contractor of the soil and water conservation district or its delegate may issue a validation of compliance with the requirements of this subdivision. The soil and water conservation district validation may be appealed to the board as described in subdivision 9.

(e) Buffers or alternative water quality practices required under paragraph (a) or (b) must be in place on or before:

- (1) November 1, 2017, for public waters; and
- (2) November 1, 2018, for public drainage systems.

Subd. 4. **Local water resources riparian protection.** On or before July 1, 2017, the soil and water conservation district shall develop, adopt, and submit to each local water management authority within its boundary a summary of watercourses for inclusion in the local water management authority's plan. A local water management authority that receives a summary of watercourses identified under this subdivision must revise its comprehensive local water management plan or comprehensive watershed management plan to incorporate the soil and water conservation district recommendations.

Subd. 5. **Exemptions.** Land adjacent to waters subject to subdivision 3 is exempt from the water resource protection requirements under subdivision 3, to the extent these exemptions are not inconsistent with the requirements of the state shoreland rules adopted by the commissioner pursuant to section 103F.211, if it is:

- (1) enrolled in the federal Conservation Reserve Program;
- (2) used as a public or private water access or recreational use area including stairways, landings, picnic areas, access paths, beach and watercraft access areas, and permitted water-oriented structures as provided in the shoreland model standards and criteria adopted pursuant to section 103F.211 or as provided for in an approved local government shoreland ordinance;
- (3) covered by a road, trail, building, or other structures; or
- (4) regulated by a national pollutant discharge elimination system/state disposal system (NPDES/SDS) permit under Minnesota Rules, chapter 7090, and provides water resources riparian protection, in any of the following categories:
  - (i) municipal separate storm sewer system (MS4);
  - (ii) construction storm water (CSW); or
  - (iii) industrial storm water (ISW);
- (5) part of a water-inundation cropping system; or
- (6) in a temporary nonvegetated condition due to drainage tile installation and maintenance, alfalfa or other perennial crop or plant seeding, or construction or conservation projects authorized by a federal, state, or local government unit.

Subd. 6. **Local implementation and assistance.** (a) Soil and water conservation districts must assist landowners with implementation of the water resource riparian protection requirements established in this section. For the purposes of this subdivision, assistance includes planning, technical assistance, implementation of approved alternative practices, and tracking progress towards compliance with the requirements.

(b) The commissioner or the board must provide sufficient funding to soil and water conservation districts to implement this section.

Subd. 7. **Corrective actions.** (a) If the soil and water conservation district determines a landowner is not in compliance with this section, the district must notify the county or watershed district with jurisdiction over the noncompliant site. The county or watershed district must provide

the landowner with a list of corrective actions needed to come into compliance and a practical timeline to meet the requirements in this section. The county or watershed district with jurisdiction must provide a copy of the corrective action notice to the board.

(b) If the landowner does not comply with the list of actions and timeline provided, the county or watershed district may enforce this section under the authority granted in section 103B.101, subdivision 12a. Before exercising this authority, a county or watershed district must adopt a plan containing procedures for the issuance of administrative penalty orders and may issue orders beginning November 1, 2017. If a county or watershed district with jurisdiction over the noncompliant site has not adopted a plan under this paragraph, the board may enforce this section under the authority granted in section 103B.101, subdivision 12a.

(c) If the county, watershed district, or board determines that sufficient steps have been taken to fully resolve noncompliance, all or part of the penalty may be forgiven.

(d) An order issued under paragraph (b) may be appealed to the board as provided under subdivision 9.

(e) A corrective action is not required for conditions resulting from a flood or other act of nature.

(f) A landowner agent or operator of a landowner may not remove or willfully degrade a riparian buffer or water quality practice, wholly or partially, unless the agent or operator has obtained a signed statement from the property owner stating that the permission for the work has been granted by the unit of government authorized to approve the work in this section or that a buffer or water quality practice is not required as validated by the soil and water conservation district. Removal or willful degradation of a riparian buffer or water quality practice, wholly or partially, by an agent or operator is a separate and independent offense and may be subject to the corrective actions and penalties in this subdivision.

Subd. 8. **Funding subject to withholding.** The state may withhold funding from a local water management authority or a soil and water conservation district that fails to implement this section. Funding subject to withholding includes soil and water program aid, a natural resources block grant, and other project or program funding. Funding may be restored upon the board's approval of a corrective action plan.

Subd. 9. **Appeals of validations and penalty orders.** A landowner or agent or operator may appeal the terms and conditions of a soil and water conservation district validation or an administrative penalty order to the board within 30 days of receipt of written or electronic notice of the validation or order. The request for appeal must be in writing. The appealing party must provide a copy of the validation or order that is being appealed, the basis for the appeal, and any supporting evidence. The request for appeal may be submitted personally, by first class mail, or electronically to the executive director. If a written or electronic request for appeal is not submitted within 30 days, the validation or order is final. The executive director shall review the request and supporting evidence and issue a decision within 60 days of receipt of an appeal. The executive director's decision is appealable directly to the Court of Appeals pursuant to sections 14.63 to 14.69.

Subd. 10. **Landowner financial assistance and public drainage system procedure.** (a) A landowner or drainage authority may contact the soil and water conservation district for information on how to apply for local, state, or federal cost-share grants, contracts, or loans that are available to establish buffers or other water resource protection measures.

(b) The provisions of sections 103E.011, subdivision 5; 103E.021, subdivision 6; and 103E.715 may be used in advance or retroactively to acquire or provide compensation for all or part of the buffer strip establishment or alternative riparian water quality practices as required under subdivision 3, paragraph (a), within the benefited area of a public drainage system. Implementation of this subdivision is not subject to limitation of project costs to the current benefits adopted for the drainage system.

Subd. 11. **State lands.** This section applies to the state and its departments and agencies.

Sec. 78. Minnesota Statutes 2014, section 103F.612, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) A wetland owner may apply to the county where a wetland is located for designation of a wetland preservation area in a high priority wetland area ~~identified in a comprehensive local water plan, as defined in section 103B.3363, subdivision 3, and located within a high priority wetland region~~ designated by the Board of Water and Soil Resources, if the county chooses to accept wetland preservation area applications. The application must be made on forms provided by the board. If a wetland is located in more than one county, the application must be submitted to the county where the majority of the wetland is located.

(b) The application shall be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and other information the Board of Water and Soil Resources requires:

(1) legal description of the area to be approved, which must include an upland strip at least 16-1/2 feet in width around the perimeter of wetlands within the area and may include total upland area of up to four acres for each acre of wetland;

(2) parcel identification numbers where designated by the county auditor;

(3) name and address of the owner;

(4) a statement by the owner covenanting that the land will be preserved as a wetland and will only be used in accordance with conditions prescribed by the Board of Water and Soil Resources and providing that the restrictive covenant will be binding on the owner and the owner's successors or assigns, and will run with the land.

(c) The upland strip required in paragraph (b), clause (1), must be planted with permanent vegetation other than a noxious weed.

Sec. 79. Minnesota Statutes 2014, section 103G.005, is amended by adding a subdivision to read:

Subd. 10g. **In-lieu fee program.** "In-lieu fee program" means a program in which wetland replacement requirements of section 103G.222 are satisfied through payment of money to the board or a board-approved sponsor to develop replacement credits according to section 103G.2242, subdivision 12.

Sec. 80. Minnesota Statutes 2014, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by ~~restoring or creating wetland areas of~~ actions that provide at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved

by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. For project-specific wetland replacement completed prior to wetland impacts authorized or conducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;
- (3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;
- (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;
- (5) compensating for the impact by restoring a wetland; and
- (6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that the altered wetland is not converted to a nonagricultural use for at least ten years.

(d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraph (b) or (e), the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years. The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.

(e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used ~~in a statewide banking program established in~~ for wetland replacement according to rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for ~~enrollment in a statewide wetlands bank~~ wetland replacement.

(j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;

(2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to

be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

Sec. 81. Minnesota Statutes 2014, section 103G.222, subdivision 3, is amended to read:

Subd. 3. **Wetland replacement siting.** (a) Impacted wetlands in a 50 to 80 percent area must be replaced in a 50 to 80 percent area or in a less than 50 percent area. Impacted wetlands in a less than 50 percent area must be replaced in a less than 50 percent area. All wetland replacement must follow this priority order:

- (1) on site or in the same minor watershed as the impacted wetland;
- (2) in the same watershed as the impacted wetland;
- (3) in the same county or wetland bank service area as the impacted wetland; and
- (4) in another wetland bank service area; and.

~~(5) statewide for public transportation projects, except that wetlands impacted in less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands impacted in the seven-county metropolitan area must be replaced at a ratio of two to one in: (i) the affected county or, (ii) in another of the seven metropolitan counties, or (iii) in one of the major watersheds that are wholly or partially within the seven-county metropolitan area, but at least one to one must be replaced within the seven-county metropolitan area.~~

~~(b) The exception in paragraph (a), clause (5), does not apply to replacement completed using wetland banking credits established by a person who submitted a complete wetland banking application to a local government unit by April 1, 1996.~~

(b) Notwithstanding paragraph (a), wetland banking credits approved according to a complete wetland banking application submitted to a local government unit by April 1, 1996, may be used to replace wetland impacts resulting from public transportation projects statewide.

(c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for replacement by wetland banking begins at paragraph (a), clause (3), according to rules adopted under section 103G.2242, subdivision 1.

~~(e)~~ (d) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

~~(d)~~ (e) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

- (1) take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;
- (2) have a high likelihood of becoming a functional wetland that will continue in perpetuity;
- (3) do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and
- (4) are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

~~(e) Applicants and local government units shall rely on board-approved comprehensive inventories of replacement opportunities and watershed conditions, including the Northeast Minnesota Wetland Mitigation Inventory and Assessment (January 2010), in determining whether reasonable, practicable, and environmentally beneficial replacement opportunities are available.~~

(f) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

(g) The board must establish wetland replacement ratios and wetland bank service area priorities to implement the siting and targeting of wetland replacement and encourage the use of high priority areas for wetland replacement.

Sec. 82. Minnesota Statutes 2014, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public waters work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; and may address the state establishment and administration of a wetland banking program for public and private projects, which may include including provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land for an in-lieu fee program; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance described in the report required by Laws 1990, chapter 587, and include the planting of trees or shrubs. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

Sec. 83. Minnesota Statutes 2014, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a Technical Evaluation Panel after an on-site inspection. The Technical Evaluation Panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, a technical professional with expertise in water resources management appointed by the local government unit, and a technical professional employee of the Department of Natural Resources for projects affecting public waters or wetlands adjacent to public waters. The panel shall use the "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987), including updates, supplementary guidance, and replacements, if any, "Wetlands of the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition), and "Classification of Wetlands and Deepwater Habitats of the United States" (1979 edition). The panel shall provide the wetland determination and recommendations on other technical matters to the local government unit that must approve a replacement plan, wetland banking plan sequencing, exemption determination, no-loss determination, or wetland boundary or type determination and may recommend approval or denial of the plan. The authority must consider and include the decision of the Technical Evaluation Panel in their approval or denial of a plan or determination.

(b) Persons conducting wetland or public waters boundary delineations or type determinations are exempt from the requirements of chapter 326. The board may develop a professional wetland delineator certification program.

(c) The board must establish an interagency team to assist in identifying and evaluating potential wetland replacement sites. The team must consist of members of the Technical Evaluation Panel and representatives from the Department of Natural Resources; the Pollution Control Agency; the United States Army Corps of Engineers, St. Paul district; and other organizations as determined by the board.

Sec. 84. Minnesota Statutes 2014, section 103G.2242, subdivision 3, is amended to read:

Subd. 3. **Replacement completion.** (a) Replacement of wetland values must be completed prior to or concurrent with the actual draining or filling of a wetland, unless:

(1) an irrevocable bank letter of credit or other security financial assurance acceptable to the local government unit or the board is given to the local government unit or the board to guarantee the successful completion of the replacement; or

(2) the replacement is approved under an in-lieu fee program according to rules adopted under subdivision 1. In the case of an in-lieu fee program established by a board-approved sponsor, the board may require that a financial assurance in an amount and method acceptable to the board be given to the board to ensure the approved sponsor fulfills the sponsor's obligation to complete the required wetland replacement.

The board may establish, sponsor, or administer a wetland banking program, which may include provisions allowing monetary payment to the wetland bank for impacts to wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and for public road projects. (b) The board may acquire land in fee title, purchase or accept easements, enter into agreements, and purchase existing wetland replacement credits to facilitate the wetland banking program. The board may establish in-lieu fee payment amounts and hold money in an account in the special revenue fund, which is appropriated to the board to be used solely for establishing replacement wetlands and administering the wetland banking program.

(c) The board shall coordinate the establishment and operation of a wetland bank with the United States Army Corps of Engineers, the Natural Resources Conservation Service of the United States Department of Agriculture, and the commissioners of natural resources, agriculture, and the Pollution Control Agency.

Sec. 85. Minnesota Statutes 2014, section 103G.2242, subdivision 4, is amended to read:

Subd. 4. **Decision.** Upon receiving and considering all required data, the local government unit reviewing replacement plan applications, ~~banking plan~~ sequencing applications, and exemption or no-loss determination requests must act on all replacement plan applications, ~~banking plan~~ sequencing applications, and exemption or no-loss determination requests in compliance with section 15.99.

Sec. 86. Minnesota Statutes 2014, section 103G.2242, subdivision 12, is amended to read:

Subd. 12. **Replacement credits.** (a) No public or private wetland restoration, enhancement, or construction may be allowed for replacement unless specifically designated for replacement and paid for by the individual or organization performing the wetland restoration, enhancement, or construction, ~~and is completed prior to any draining or filling of the wetland.~~

(b) Paragraph (a) does not apply to a wetland whose owner has paid back with interest the individual or organization restoring, enhancing, or constructing the wetland.

(c) Notwithstanding section 103G.222, subdivision 1, paragraph (i), the following actions, and others established in rule, that are consistent with criteria in rules adopted by the board in conjunction with the commissioners of natural resources and agriculture, are eligible for replacement credit as determined by the local government unit or the board, including enrollment in a statewide wetlands bank:

(1) reestablishment of permanent native, noninvasive vegetative cover on a wetland on agricultural land that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was in a land retirement program during the past ten years;

(2) buffer areas of permanent native, noninvasive vegetative cover established or preserved on upland adjacent to replacement wetlands;

(3) wetlands restored for conservation purposes under terminated easements or contracts; ~~and~~

(4) water quality treatment ponds constructed to pretreat storm water runoff prior to discharge to wetlands, public waters, or other water bodies, provided that the water quality treatment ponds must be associated with an ongoing or proposed project that will impact a wetland and replacement credit for the treatment ponds is based on the replacement of wetland functions and on an approved storm water management plan for the local government; and

(5) in a greater than 80 percent area, restoration and protection of streams and riparian buffers that are important to the functions and sustainability of aquatic resources.

(d) Notwithstanding section 103G.222, subdivision 1, paragraphs (f) and (g), the board may establish by rule different replacement ratios for restoration projects with exceptional natural resource value.

Sec. 87. Minnesota Statutes 2014, section 103G.2242, subdivision 14, is amended to read:

Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank accounts and transactions as follows:

(1) account maintenance annual fee: one percent of the value of credits not to exceed \$500;

(2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed \$1,000 per establishment, deposit, or transfer; and

(3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

(b) The board may establish fees at or below the amounts in paragraph (a) for single-user or other dedicated wetland banking accounts.

(c) Fees for single-user or other dedicated wetland banking accounts established pursuant to section 103G.005, subdivision 10e, clause (4), are limited to establishment of a wetland banking account and are assessed at the rate of 6.5 percent of the value of the credits not to exceed \$1,000.

(d) The board may assess a fee to pay the costs associated with establishing conservation easements, or other long-term protection mechanisms prescribed in the rules adopted under subdivision 1, on property used for wetland replacement.

Sec. 88. Minnesota Statutes 2014, section 103G.2251, is amended to read:

**103G.2251 STATE CONSERVATION EASEMENTS; WETLAND BANK CREDIT.**

In greater than 80 percent areas, preservation of wetlands, riparian buffers, and watershed areas essential to maintaining important functions and sustainability of aquatic resources in the watershed that are protected by a permanent conservation easement as defined under section 84C.01 and held by the board may be eligible for wetland replacement or mitigation credits, according to rules adopted by the board. To be eligible for credit under this section, a conservation easement must be established after May 24, 2008, and approved by the board. Wetland areas on private lands preserved under this section are not eligible for replacement or mitigation credit if the area has been protected using public conservation funds.

Sec. 89. Minnesota Statutes 2014, section 103G.245, subdivision 2, is amended to read:

Subd. 2. **Exceptions.** A public waters work permit is not required for:

(1) work in altered natural watercourses that are part of drainage systems established under chapter 103D or 103E if the work in the waters is undertaken according to chapter 103D or 103E; ~~or~~

(2) a drainage project for a drainage system established under chapter 103E that does not substantially affect public waters; or

(3) culvert restoration or replacement of the same size and elevation, if the restoration or replacement does not impact a designated trout stream.

Sec. 90. Minnesota Statutes 2014, section 103G.271, subdivision 3, is amended to read:

Subd. 3. **Permit restriction during summer months.** The commissioner must not modify or restrict the amount of appropriation from a groundwater source authorized in a water use permit issued to irrigate agricultural land between ~~May~~ April 1 and October 1, ~~or, for agricultural land with a crop, until November 15, unless the commissioner determines the authorized amount of appropriation endangers a domestic water supply.~~

Sec. 91. Minnesota Statutes 2014, section 103G.271, subdivision 5, is amended to read:

Subd. 5. **Prohibition on once-through water use permits.** (a) Except as provided in paragraph (c), the commissioner may not issue a water use permit to increase the volume of appropriation from a groundwater source for a once-through cooling system.

(b) Except as provided in paragraph (c), once-through system water use permits using in excess of 5,000,000 gallons annually must be terminated by the commissioner, unless the discharge is into a public water basin within a nature preserve approved by the commissioner and established prior to January 1, 2001. The commissioner may issue a permit for a system in existence prior to January 1, 2015, for up to 5,000,000 gallons annually. Existing once-through systems must not be expanded and are required to convert to water efficient alternatives within the design life of existing equipment.

(c) Notwithstanding paragraphs (a) and (b), the commissioner, with the approval of the commissioners of health and the Pollution Control Agency, may issue once-through system water use permits on an annual basis for groundwater thermal exchange devices or aquifer storage and recovery systems that return all once-through system water to the source aquifer. Water use permit processing fees in subdivision 6, paragraph (a), apply to all water withdrawals under this paragraph, including any reuse of water returned to the source aquifer.

Sec. 92. Minnesota Statutes 2014, section 103G.271, subdivision 6a, is amended to read:

Subd. 6a. **Payment of fees for past unpermitted appropriations.** An entity that appropriates water without a required permit under subdivision 1 must pay the applicable water use permit processing fee specified in subdivision 6 for the period during which the unpermitted appropriation occurred. The fees for unpermitted appropriations are required for the previous seven calendar years after being notified of the need for a permit. This fee is in addition to any other fee or penalty assessed. The commissioner may waive payment of fees for past unpermitted appropriations for a residential system permitted under subdivision 5, paragraph (b).

Sec. 93. Minnesota Statutes 2014, section 103G.287, subdivision 1, is amended to read:

Subdivision 1. **Applications for groundwater appropriations; preliminary well construction approval.** (a) Groundwater use permit applications are not complete until the applicant has supplied:

(1) a water well record as required by section 103I.205, subdivision 9, information on the subsurface geologic formations penetrated by the well and the formation or aquifer that will serve as the water source, and geologic information from test holes drilled to locate the site of the production well;

(2) the maximum daily, seasonal, and annual pumpage rates and volumes being requested;

(3) information on groundwater quality in terms of the measures of quality commonly specified for the proposed water use and details on water treatment necessary for the proposed use;

~~(4) an inventory of existing wells within 1-1/2 miles of the proposed production well or within the area of influence, as determined by the commissioner. The inventory must include information on well locations, depths, geologic formations, depth of the pump or intake, pumping and nonpumping water levels, and details of well construction;~~

~~(5)~~ (4) the results of an aquifer test completed according to specifications approved by the commissioner. The test must be conducted at the maximum pumping rate requested in the application and for a length of time adequate to assess or predict impacts to other wells and surface water and groundwater resources. The permit applicant is responsible for all costs related to the aquifer test, including the construction of groundwater and surface water monitoring installations, and water level readings before, during, and after the aquifer test; and

~~(6)~~ (5) the results of any assessments conducted by the commissioner under paragraph (c).

(b) The commissioner may waive an application requirement in this subdivision if the information provided with the application is adequate to determine whether the proposed appropriation and use of water is sustainable and will protect ecosystems, water quality, and the ability of future generations to meet their own needs.

(c) The commissioner shall provide an assessment of a proposed well needing a groundwater appropriation permit. The commissioner shall evaluate the information submitted as required under section 103I.205, subdivision 1, paragraph (f), and determine whether the anticipated appropriation request is likely to meet the applicable requirements of this chapter. If the appropriation request is likely to meet applicable requirements, the commissioner shall provide the person submitting the information with a letter providing preliminary approval to construct the well.

Sec. 94. [103G.289] WELL INTERFERENCE; WELL SEALING.

The commissioner shall not validate a well interference claim if the affected well has been sealed prior to the completion of the commissioner's investigation of the complaint. If the well is sealed prior to completion of the investigation, the commissioner must dismiss the complaint.

Sec. 95. Minnesota Statutes 2014, section 103G.291, subdivision 3, is amended to read:

Subd. 3. **Water supply plans; demand reduction.** (a) Every public water supplier serving more than 1,000 people must submit a water supply plan to the commissioner for approval by January 1, 1996. In accordance with guidelines developed by the commissioner, the plan must address projected demands, adequacy of the water supply system and planned improvements, existing and future water sources, natural resource impacts or limitations, emergency preparedness, water conservation, supply and demand reduction measures, and allocation priorities that are consistent with section 103G.261. Public water suppliers must update their plan and, upon notification, submit it to the commissioner for approval every ten years.

(b) The water supply plan in paragraph (a) is required for all communities in the metropolitan area, as defined in section 473.121, with a municipal water supply system and is a required element of the local comprehensive plan required under section 473.859. ~~Water supply plans or updates submitted after December 31, 2008, must be consistent with the metropolitan area master water supply plan required under section 473.1565, subdivision 1, paragraph (a), clause (2).~~

(c) Public water suppliers serving more than 1,000 people must encourage water conservation by employing water use demand reduction measures, as defined in subdivision 4, paragraph (a), before requesting approval from the commissioner of health under section 144.383, paragraph (a), to construct a public water supply well or requesting an increase in the authorized volume of appropriation. The commissioner of natural resources and the water supplier shall use a collaborative process to achieve demand reduction measures as a part of a water supply plan review process.

(d) Public water suppliers serving more than 1,000 people must submit records that indicate the number of connections and amount of use by customer category and volume of water unaccounted for with the annual report of water use required under section 103G.281, subdivision 3.

(e) For the purposes of this section, "public water supplier" means an entity that owns, manages, or operates a public water supply, as defined in section 144.382, subdivision 4.

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

Sec. 96. Minnesota Statutes 2014, section 103G.301, subdivision 5a, is amended to read:

Subd. 5a. **Town fees limited exemption.** Notwithstanding this section or any other law, no permit application, general permit notification, or field inspection fee shall be charged to a town in connection with the construction or alteration of a town road, bridge, or culvert shall exceed \$100.

Sec. 97. [114C.40] VOLUNTARY SELF REPORTING OF VIOLATIONS.

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

(b) "Commissioner" means the commissioner of the Pollution Control Agency.

(c) "Environmental requirement" means a requirement in a law administered by the agency, a rule adopted by the agency, a permit or order issued by the agency, an agreement entered into with the agency, or a court order issued pursuant to any of the foregoing.

(d) "Regulated entity" means a public or private organization that is subject to environmental requirements.

Subd. 2. **Enforcement delay.** The commissioner must defer for at least 90 days enforcement of an environmental requirement against a regulated entity if:

(1) violation of the environmental requirement was first identified by the regulated entity or an employee of or person contracted by the regulated entity;

(2) the regulated entity notified the commissioner of the violation within two business days of it coming to the regulated entity's attention;

(3) the regulated entity has not been subject to an enforcement action within the past two years from the date of the notification under clause (2); and

(4) the regulated entity has committed, in writing, to correct the violation as expeditiously as possible under the circumstances.

Subd. 3. **Penalties waived.** The commissioner must not impose or bring an action for any administrative, civil, or criminal penalties against a regulated entity if, after the 90-day delay provided under subdivision 2, the regulated entity has corrected the violation or has a schedule to correct the violation approved by the commissioner.

Subd. 4. **Exceptions.** Notwithstanding subdivisions 2 and 3, the commissioner may, at any time, bring:

(1) a criminal enforcement action against any person who commits a violation under section 609.671;

(2) a civil or administrative enforcement action, which may include a penalty, under section 115.071 or 116.072, against the regulated entity if:

(i) a violation caused serious harm to, or presents an imminent and substantial endangerment to, human health or the environment;

(ii) a violation is of the specific terms of an administrative order, a judicial order or consent decree, a stipulation agreement, or a schedule of compliance;

(iii) a violation has resulted in a substantial economic benefit which gives the regulated entity a clear advantage over its business competitors; or

(iv) a violation is identified through a legally mandated monitoring or sampling requirement prescribed by statute, regulation, permit, judicial or administrative order, or consent agreement; or

(3) an enforcement action against a regulated entity to enjoin an imminent and substantial danger under section 116.11.

Subd. 5. **Reporting required by law.** Nothing in this section alters the obligation of any regulated entity to report releases, violations, or other matters that are required to be reported by state or federal law, rule, permit, or enforcement action.

Sec. 98. [115.035] INDEPENDENT PEER REVIEW OF WATER QUALITY STANDARDS.

(a) For the purposes of this section, "independent peer review" means a peer review conducted by an expert or experts in an area related to the work being reviewed who was not directly or indirectly involved with the work conducted or contracted by the agency and who is not currently employed by the agency.

(b) The commissioner of the Pollution Control Agency shall ensure that any proposed change to a water quality standard under this chapter or chapter 116 is subject to an independent peer review when:

(1) the estimated financial impact to affected permittees is \$50,000,000 or more, in total, within the first five years of implementation;

(2) the change supports or proposes a significant new precedent, model, or methodology; or

(3) the change addresses a significant controversial issue.

(c) The commissioner must provide notice and take public comment on the charge questions for independent peer review and must allow written and oral public comment as part of the independent peer review process and the peer review report. Documentation of compliance with the notice and comment requirements and the peer review report must be included in the statement of need and reasonableness.

(d) The commissioner shall ensure that peer review is conducted in accordance with the guidance contained in the United States Environmental Protection Agency's Peer Review Handbook.

Sec. 99. Minnesota Statutes 2014, section 115.44, is amended by adding a subdivision to read:

Subd. 9. **Annual report.** (a) By January 15 each year, the commissioner shall post on the Pollution Control Agency's Web site a report on the agency's activities the previous calendar year to implement standards and classification requirements into national pollutant discharge elimination system and state disposal system permits held by municipalities. The report must include:

(1) a summary of permits issued or reissued over the previous calendar year, including any changes to permitted effluent limits due to water quality standards adopted or revised during the previous permit term;

(2) highlights of innovative approaches employed by the agency and municipalities to develop and achieve permit requirements in a cost-effective manner;

(3) a summary of standards development and water quality rulemaking activities over the previous calendar year, including economic analyses;

(4) a summary of standards development and water quality rulemaking activities anticipated for the next three years, including economic analyses;

(5) a process and timeframe for municipalities to provide input to the agency regarding their needs based on the information provided in the report; and

(6) a list of anticipated permitting initiatives in the next calendar year that may impact municipalities and the agency's plan for involving the municipalities throughout the planning and decision making process. The plan must include opportunities for input and public comment

from municipalities on rulemaking initiatives prior to preparation of a statement of need and reasonableness required under section 14.131. The commissioner must ensure the agency's plan under this clause is implemented.

(b) For the purposes of this section, "economic analyses" must include assessments of the potential costs to regulated municipalities associated with water quality standards or rules proposed by the agency.

Sec. 100. Minnesota Statutes 2014, section 115.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to sections 115.55 to 115.56.

(b) "Advisory committee" means the Advisory Committee on Subsurface Sewage Treatment Systems established under the subsurface sewage treatment system rules. The advisory committee must be appointed to ensure geographic representation of the state and include elected public officials.

(c) "Applicable requirements" means:

(1) local ordinances that comply with the subsurface sewage treatment system rules, as required in subdivision 2; or

(2) in areas without compliant ordinances described in clause (1), the subsurface sewage treatment system rules.

(d) "Building sewer connected to a subsurface sewage treatment system" means the pipe that connects a structure to a subsurface sewage treatment system. Building sewers connected to subsurface sewage treatment systems are codefined as both plumbing and subsurface sewage treatment system components.

~~(d)~~ (e) "City" means a statutory or home rule charter city.

~~(e)~~ (f) "Commissioner" means the commissioner of the Pollution Control Agency.

~~(f)~~ (g) "Dwelling" means a building or place used or intended to be used by human occupants as a single-family or two-family unit.

~~(g)~~ (h) "Subsurface sewage treatment system" or "system" means a sewage treatment system, or part thereof, that uses subsurface soil treatment and disposal, or a holding tank, serving a dwelling, other establishment, or a group thereof, and that does not require a state permit. Subsurface sewage treatment system includes a building sewer connected to a subsurface sewage treatment system.

~~(h)~~ (i) "Subsurface sewage treatment system professional" means an inspector, installer, designer, service provider, or maintainer.

~~(i)~~ (j) "Subsurface sewage treatment system rules" means rules adopted by the agency that establish minimum standards and criteria for the design, location, installation, use, maintenance, and closure of subsurface sewage treatment systems.

~~(j)~~ (k) "Inspector" means a person who inspects subsurface sewage treatment systems for compliance with the applicable requirements.

~~(k)~~ (l) "Installer" means a person who constructs or repairs subsurface sewage treatment systems.

~~(h)~~ (m) "Local unit of government" means a township, city, or county.

~~(m)~~ (n) "Performance-based system" means a system that is designed specifically for environmental conditions on a site and is designed to adequately protect the public health and the environment and provide consistent, reliable, long-term performance. At a minimum, a performance based system must ensure that applicable water quality standards are met in both ground and surface water that ultimately receive the treated sewage.

~~(n)~~ (o) "Maintainer " means a person who removes solids and liquids from and maintains and repairs components of subsurface sewage treatment systems including, but not limited to, sewage, aerobic, and holding tanks.

~~(o)~~ (p) "Seasonal dwelling" means a dwelling that is occupied or used for less than 180 days per year and less than 120 consecutive days.

~~(p)~~ (q) "Septic system tank" means any covered receptacle designed, constructed, and installed as part of a subsurface sewage treatment system.

~~(q)~~ (r) "Designer" means a person who:

(1) investigates soils and site characteristics to determine suitability, limitations, and sizing requirements; and

(2) designs subsurface sewage treatment systems.

~~(r)~~ (s) "Straight-pipe system" means a sewage disposal system that transports raw or partially treated sewage directly to a lake, a stream, a drainage system, or ground surface.

Sec. 101. Minnesota Statutes 2014, section 115.56, subdivision 2, is amended to read:

Subd. 2. **License required.** (a) Except as provided in paragraph (b), a person may not design, install, maintain, pump, inspect, or provide service to a subsurface sewage treatment system without a license issued by the commissioner. Licenses issued under this section allow work on subsurface sewage treatment systems that do not require a state permit using prescriptive designs and design guidances provided by the agency. Licensees who design systems using these prescriptive designs and design guidances are not subject to the additional licensing requirements of section 326.03.

(b) A license is not required for a person who complies with the applicable requirements if the person is:

(1) a qualified employee of state or local government who is a certified professional;

(2) an individual who constructs a subsurface sewage treatment system on land that is owned or leased by the individual and functions solely as the individual's dwelling or seasonal dwelling, unless specifically disallowed in local ordinance. A person constructing a subsurface sewage treatment system under this clause must comply with all local administrative and technical requirements. In addition, the system must be inspected before being covered and a compliance report must be provided to the local unit of government after the inspection;

(3) a farmer who pumps and disposes of sewage waste from subsurface sewage treatment systems, holding tanks, and privies on land that is owned or leased by the farmer; or

(4) an individual who performs labor or services for a licensed business under this section in connection with the design, installation, operation, pumping, or inspection of a subsurface sewage

treatment system at the direction and under the personal supervision of a person certified under this section.

(c) The commissioner, in conjunction with the University of Minnesota Extension Service or another higher education institution, shall ensure adequate training and design guidance exists for subsurface sewage treatment system certified professionals.

(d) The commissioner shall conduct examinations to test the knowledge of applicants for certification and shall issue documentation of certification.

(e) Licenses may be issued only upon submission of general liability insurance, a corporate surety bond in the amount of at least ~~\$10,000~~ \$25,000, and the name of the individual who will be the designated certified individual for that business. The bond may be for both plumbing work and subsurface sewage treatment work if the bond complies with the requirements of this section and satisfies the requirements and references identified in section 326B.46, subdivision 2.

(f) Local units of government may not require additional local licenses for subsurface sewage treatment system businesses.

(g) No other professional license under section 326.03 is required to design, install, maintain, inspect, or provide service for a subsurface sewage treatment system that does not require a state permit using prescriptive designs and design guidances provided by the agency if the system designer, installer, maintainer, inspector, or service provider is licensed under this subdivision and the local unit of government has not adopted additional requirements.

Sec. 102. Minnesota Statutes 2014, section 115A.03, subdivision 25a, is amended to read:

Subd. 25a. **Recyclable materials.** "Recyclable materials" means materials that are separated from mixed municipal solid waste for the purpose of recycling or composting, including paper, glass, plastics, metals, automobile oil, batteries, ~~and source-separated compostable materials,~~ and sole source food waste streams that are managed through biodegradative processes. Refuse-derived fuel or other material that is destroyed by incineration is not a recyclable material.

Sec. 103. Minnesota Statutes 2014, section 115A.03, subdivision 32a, is amended to read:

Subd. 32a. **Source-separated compostable materials.** "Source-separated compostable materials" means materials that:

(1) are separated at the source by waste generators for the purpose of preparing them for use as compost;

(2) are collected separately from mixed municipal solid waste, and are governed by the licensing provisions of section 115A.93;

(3) are comprised of food wastes, fish and animal waste, plant materials, diapers, sanitary products, and paper that is not recyclable because the commissioner has determined that no other person is willing to accept the paper for recycling;

(4) are delivered to a facility to undergo controlled microbial degradation to yield a humus-like product meeting the agency's class I or class II, or equivalent, compost standards and where process residues rejects do not exceed 15 percent by weight of the total material delivered to the facility; and

(5) may be delivered to a transfer station, mixed municipal solid waste processing facility, or recycling facility only for the purposes of composting or transfer to a composting facility, unless the commissioner determines that no other person is willing to accept the materials.

Sec. 104. Minnesota Statutes 2014, section 115A.1314, subdivision 1, is amended to read:

Subdivision 1. **Registration fee.** (a) Each manufacturer who registers under section 115A.1312 must, by September 1, 2007, and each year thereafter, pay to the commissioner of revenue an annual registration fee. The commissioner of revenue must deposit the fee in the state treasury and credit the fee to the environmental fund.

(b) The registration fee is equal to a base fee of \$2,500, plus a variable recycling fee calculated according to the formula:

$((A \times B) - (C + D)) \times E$ , where:

(1) A = the number of pounds of a manufacturer's video display devices sold to households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(2) B = the proportion of sales of video display devices required to be recycled, set at 0.6 for the first program year and 0.8 for the second program year and every year thereafter;

(3) C = the number of pounds of covered electronic devices recycled by a manufacturer from households during the previous program year, as reported to the department under section 115A.1316, subdivision 1;

(4) D = the number of recycling credits a manufacturer elects to use to calculate the variable recycling fee, as reported to the department under section 115A.1316, subdivision 1; and

(5) E = the estimated per-pound cost of recycling, initially set at \$0.50 per pound for manufacturers who recycle less than 50 percent of the product (A x B); \$0.40 per pound for manufacturers who recycle at least 50 percent but less than 90 percent of the product (A x B); and \$0.30 per pound for manufacturers who recycle at least 90 percent but less than 100 percent of the product (A x B).

(c) If, as specified in paragraph (b), the term  $C - (A \times B)$  equals a positive number of pounds, that amount is defined as the manufacturer's recycling credits. A manufacturer may retain recycling credits to be added, in whole or in part, to the actual value of C, as reported under section 115A.1316, subdivision 2, during any succeeding program year, provided that no more than 25 percent of a manufacturer's obligation (A x B) for any program year may be met with recycling credits generated in a prior program year. A manufacturer may sell any portion or all of its recycling credits to another manufacturer, at a price negotiated by the parties, who may use the credits in the same manner.

(d) For the purpose of calculating a manufacturer's variable recycling fee under paragraph (b), the weight of covered electronic devices collected from households located outside the 11-county metropolitan area, as defined in subdivision 2, paragraph (c), is calculated at 1.5 times their actual weight.

(e) The registration fee for the initial program year and the base registration fee thereafter for a manufacturer who produces fewer than 100 video display devices for sale annually to households is \$1,250.

(f) For the ninth program year, the agency shall publish a statewide recycling goal of 16,000,000 pounds.

(g) For the ninth program year, the agency shall determine each registered manufacturer's market share of video display devices to be collected and recycled based on the manufacturer's percentage share of the total weight of video display devices sold as reported to the department for the eighth program year as reported to the agency by July 15, 2015. By July 30, 2015, the agency shall provide each manufacturer with a determination of its share of video display devices to be collected and recycled, which is the quotient of the total weight of the manufacturer's video display devices sold to households in the eighth program year, divided by the total weight of all manufacturers' video display devices sold to households in this state based on reporting to the agency for the eighth program year, then applied proportionally to the statewide recycling goal of 16,000,000 pounds as specified in paragraph (f).

(h) If a manufacturer's obligation for the recycling of video display devices as determined in paragraph (b), clauses (1) and (2), by weight is higher than the obligation determined by the agency in paragraph (g), then the higher number is the obligation for program year nine.

(i) For the ninth program year, a manufacturer that did not report sales data to the department for the eighth or ninth program years shall be subject to a recycling obligation that is equal to 80 percent by weight of the manufacturer's video display devices sold to households.

Sec. 105. Minnesota Statutes 2014, section 115A.1415, subdivision 16, is amended to read:

Subd. 16. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan shall pay an annual administrative fee to the commissioner. The agency may establish a variable fee based on relevant factors, including, but not limited to, the portion of architectural paint sold in the state by members of the organization compared to the total amount of architectural paint sold in the state by all organizations submitting a stewardship plan.

(b) Prior to July 1, 2014, and before July 1 annually thereafter, the agency shall identify the costs it incurs under this section. The agency shall set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the agency's administrative fee under paragraph (a) on or before July 1, 2014, and annually thereafter. Each year after the initial payment, the annual administrative fee may not exceed five percent of the aggregate stewardship assessment added to the cost of all architectural paint sold by producers in the state for the preceding calendar year.

(d) All fees received under this section shall be deposited in the state treasury and credited to a product stewardship account in the special revenue fund. For fiscal years 2014 ~~and~~, 2015, 2016, and 2017, the amount collected under this section is annually appropriated to the agency to implement and enforce this section.

Sec. 106. Minnesota Statutes 2014, section 115A.551, subdivision 2a, is amended to read:

Subd. 2a. **County recycling goals.** (a) By December 31, 2030, each county will have as a goal to recycle the following amounts:

(1) for a county outside of the metropolitan area, 35 percent by weight of total solid waste generation; and

(2) for a metropolitan county, 75 percent by weight of total solid waste generation.

(b) Each county will develop and implement or require political subdivisions within the county to develop and implement programs, practices, or methods designed to meet its recycling goal. Nothing in this section or in any other law may be construed to prohibit a county from establishing a higher recycling goal.

(c) Any quantified recyclable materials that meet the definition in subdivision 1, paragraph (a), or section 115A.03, subdivision 25a, are eligible to be counted toward a county's recycling goal under this subdivision.

Sec. 107. Minnesota Statutes 2014, section 115A.557, subdivision 2, is amended to read:

Subd. 2. **Purposes for which money may be spent.** (a) A county receiving money distributed by the commissioner under this section may use the money only for the development and implementation of programs to:

(1) reduce the amount of solid waste generated;

(2) recycle the maximum amount of solid waste technically feasible;

(3) create and support markets for recycled products;

(4) remove problem materials from the solid waste stream and develop proper disposal options for them;

(5) inform and educate all sectors of the public about proper solid waste management procedures;

(6) provide technical assistance to public and private entities to ensure proper solid waste management;

(7) provide educational, technical, and financial assistance for litter prevention;

(8) process mixed municipal solid waste generated in the county at a resource recovery facility located in Minnesota; **and**

(9) compost source-separated compostable materials, including the provision of receptacles for residential composting;

(10) prevent food waste or collect and transport food donated to humans or to be fed to animals; and

(11) process source-separated compostable materials that are to be used to produce Class I or Class II compost, as defined in Minnesota Rules, part 7035.2836, after being processed in an anaerobic digester, but not to construct buildings or acquire equipment.

(b) Beginning in fiscal year 2015 and continuing thereafter, of any money distributed by the commissioner under this section to a metropolitan county, as defined in section 473.121, subdivision 4, that exceeds the amount the county was eligible to receive under this section in fiscal year 2014:

(1) at least 50 percent must be expended on activities in paragraph (a), ~~clause~~ clauses (9) to (11); and (2) the remainder must be expended on activities in paragraph (a), clauses (1) to (7) and (9) to (11) that advance the county toward achieving its recycling goal under section 115A.551.

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

Sec. 108. **[115A.565] RECYCLING COMPETITIVE GRANT PROGRAM.**

**Subdivision 1. Grant program established.** The commissioner shall make competitive grants to political subdivisions to establish curbside recycling or composting, increase recycling or composting, reduce the amount of recyclable materials entering disposal facilities, or reduce the costs associated with hauling waste by locating collection sites as close as possible to the site where the waste is generated. To be eligible for grants under this section, a political subdivision must be located outside the seven-county metropolitan area and a city must have a population of less than 45,000.

**Subd. 2. Application.** (a) The commissioner must develop forms and procedures for soliciting and reviewing applications for grants under this section.

(b) The determination of whether to make a grant under this section is within the discretion of the commissioner, subject to subdivision 4. The commissioner's decisions are not subject to judicial review, except for abuse of discretion.

**Subd. 3. Priorities; eligible projects.** (a) If applications for grants exceed the available appropriations, grants must be made for projects that, in the commissioner's judgment, provide the highest return in public benefits.

(b) To be eligible to receive a grant, a project must:

(1) be locally administered;

(2) have an educational component and measurable outcomes;

(3) request \$250,000 or less;

(4) demonstrate local direct and indirect matching support of at least a quarter amount of the grant request; and

(5) include at least one of the following elements:

(i) transition to residential recycling through curbside or centrally located collection sites;

(ii) development of local recycling systems to support curbside recycling; or

(iii) development or expansion of local recycling systems to support recycling bulk materials, including, but not limited to, electronic waste.

**Subd. 4. Cancellation of grant.** If a grant is awarded under this section and funds are not encumbered for the grant within four years after the award date, the grant must be canceled.

Sec. 109. Minnesota Statutes 2014, section 115A.93, subdivision 1, is amended to read:

**Subdivision 1. License and registration required; reporting.** (a) A person may not collect mixed municipal solid waste for hire without a license from the jurisdiction where the mixed

municipal solid waste is collected. The local licensing entity shall submit a list of licensed collectors to the agency.

(b) A person may not collect recyclable materials for hire unless registered with the agency. If a person is licensed under paragraph (a), the person need not register with the agency under this paragraph.

(c) The agency, in consultation with the Solid Waste Management Coordinating Board, the Association of Minnesota Counties, the Minnesota Solid Waste Administrators Association, and representatives from the waste industry shall, by July 1, 2016, develop uniform short and long reporting forms that will reduce duplicative reporting to governmental units by collectors of solid waste and recyclable materials.

(d) A collector of mixed municipal solid waste or recyclable materials shall separately report to the agency on an annual basis information including, but not limited to, the quantity of mixed municipal solid waste and the quantity of recyclable materials collected:

- (1) from commercial customers;
- (2) from residential customers;
- (3) by county of origin; and
- (4) by destination of the material.

Sec. 110. Minnesota Statutes 2014, section 115B.34, subdivision 2, is amended to read:

Subd. 2. **Property damage losses.** (a) Losses compensable by the fund for property damage are limited to the following losses caused by damage to the principal residence of the claimant:

(1) the reasonable cost of replacing or decontaminating the primary source of drinking water for the property not to exceed the amount actually expended by the claimant or assessed by a local taxing authority, if the Department of Health has confirmed that the remedy provides safe drinking water and advised that the water not be used for drinking or determined that the replacement or decontamination of the source of drinking water was necessary, up to a maximum of \$25,000;

(2) the reasonable cost to install a mitigation system for the claimant's principal residence, not to exceed the amount actually expended by the claimant, if the agency has recommended such installation to protect human health due to soil vapor intrusion into the residence from releases of harmful substances. Reimbursement of eligible claims shall not exceed \$25,000;

~~(2)~~ (3) losses incurred as a result of a bona fide sale of the property at less than the appraised market value under circumstances that constitute a hardship to the owner, limited to 75 percent of the difference between the appraised market value and the selling price, but not to exceed \$25,000; and

~~(3)~~ (4) losses incurred as a result of the inability of an owner in hardship circumstances to sell the property due to the presence of harmful substances, limited to the increase in costs associated with the need to maintain two residences, but not to exceed \$25,000.

(b) In computation of the loss under paragraph (a), clause ~~(3)~~ (4), the agency shall offset the loss by the amount of any income received by the claimant from the rental of the property.

(c) For purposes of paragraph (a), the following definitions apply:

(1) "appraised market value" means an appraisal of the market value of the property disregarding any decrease in value caused by the presence of a harmful substance in or on the property; and

(2) "hardship" means an urgent need to sell the property based on a special circumstance of the owner including catastrophic medical expenses, inability of the owner to physically maintain the property due to a physical or mental condition, and change of employment of the owner or other member of the owner's household requiring the owner to move to a different location.

(d) Appraisals are subject to agency approval. The agency may adopt rules governing approval of appraisals, criteria for establishing a hardship, and other matters necessary to administer this subdivision.

Sec. 111. Minnesota Statutes 2014, section 115B.48, is amended by adding a subdivision to read:

Subd. 9. **Owner or operator.** "Owner or operator" means a person who:

(1) owns or has owned a dry cleaning facility; or

(2) owns or owned real property on which a dry cleaning facility operates or operated.

**EFFECTIVE DATE.** This section is effective only upon enactment of a transfer of \$743,000 in fiscal year 2016 from the general account in the remediation fund to the dry cleaner environmental response and reimbursement account for reimbursement of remediation costs by persons other than responsible parties, as specified in article 3, section 2, subdivision 4.

Sec. 112. Minnesota Statutes 2014, section 116.02, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A pollution control agency, designated as the Minnesota Pollution Control Agency, is hereby created. ~~The agency shall consist of the commissioner and eight members appointed by the governor, by and with the advice and consent of the senate. One of such members shall be a person knowledgeable in the field of agriculture and one shall be representative of organized labor.~~

Sec. 113. Minnesota Statutes 2014, section 116.02, subdivision 5, is amended to read:

Subd. 5. **Agency is successor to commission.** The Pollution Control Agency is the successor of the Water Pollution Control Commission, and all powers and duties now vested in or imposed upon said commission by chapter 115, or any act amendatory thereof or supplementary thereto, are hereby transferred to, imposed upon, and vested in the Minnesota commissioner of the Pollution Control Agency, except as to those matters pending before the commission in which hearings have been held and evidence has been adduced. ~~The Water Pollution Commission shall complete its action in such pending matters not later than six months from May 26, 1967. The Water Pollution Control Commission, as heretofore constituted, is hereby abolished, (a) effective upon completion of its action in the pending cases, as hereinbefore provided for; or (b) six months from May 26, 1967, whichever is the earlier.~~

Sec. 114. Minnesota Statutes 2014, section 116.03, subdivision 1, is amended to read:

Subdivision 1. **Office.** (a) The Office of Commissioner of the Pollution Control Agency is created and is under the supervision and control of the commissioner, who is appointed by the governor under the provisions of section 15.06.

(b) The commissioner may appoint a deputy commissioner and assistant commissioners who shall be in the unclassified service.

(c) The commissioner shall make all decisions on behalf of the agency ~~that are not required to be made by the agency under section 116.02.~~

Sec. 115. Minnesota Statutes 2014, section 116.03, subdivision 2a, is amended to read:

Subd. 2a. **Mission; efficiency.** It is part of the agency's mission that within the agency's resources the commissioner ~~and the members of the agency~~ shall endeavor to:

- (1) prevent the waste or unnecessary spending of public money;
- (2) use innovative fiscal and human resource practices to manage the state's resources and operate the agency as efficiently as possible;
- (3) coordinate the agency's activities wherever appropriate with the activities of other governmental agencies;
- (4) use technology where appropriate to increase agency productivity, improve customer service, increase public access to information about government, and increase public participation in the business of government;
- (5) utilize constructive and cooperative labor-management practices to the extent otherwise required by chapters 43A and 179A;
- (6) report to the legislature on the performance of agency operations and the accomplishment of agency goals in the agency's biennial budget according to section 16A.10, subdivision 1; and
- (7) recommend to the legislature appropriate changes in law necessary to carry out the mission and improve the performance of the agency.

Sec. 116. Minnesota Statutes 2014, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to ~~the requirement to obtain a permit~~ a notification, permit, or license requirement under subchapter this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section 116.081 or rules adopted thereunder. The annual fee shall be used to pay for all direct and indirect reasonable costs, including ~~attorney general~~ legal costs, required to develop and administer the notification, permit, or license program requirements of subchapter this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq.,

~~and sections of this chapter and the~~ or rules adopted under this chapter related to air contamination ~~and noise thereunder~~. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a facility may offer to reimburse the agency for the costs of staff time or consultant services needed to expedite the permit development process, including the analysis of environmental review documents. The reimbursement shall be in addition to permit application fees imposed by law. When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents.

Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit; shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and shall not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 117. Minnesota Statutes 2014, section 116.07, subdivision 4j, is amended to read:

Subd. 4j. **Permits; solid waste facilities.** (a) The agency may not issue a permit for new or additional capacity for a mixed municipal solid waste resource recovery or disposal facility as defined in section 115A.03 unless each county using or projected in the permit to use the facility has in place a solid waste management plan approved under section 115A.46 or 473.803 and amended as required by section 115A.96, subdivision 6. The agency shall issue the permit only if the capacity of the facility is consistent with the needs for resource recovery or disposal capacity identified in the approved plan or plans. Consistency must be determined by the Pollution Control Agency. Plans approved before January 1, 1990, need not be revised if the capacity sought in the permit is consistent with the approved plan or plans.

(b) The agency shall require as part of the permit application for a waste incineration facility identification of preliminary plans for ash management and ash leachate treatment or ash utilization. The permit issued by the agency must include requirements for ash management and ash leachate treatment.

(c) Within 180 days of receipt of a completed application, the agency shall approve, disapprove, or delay decision on the application, with reasons for the delay, in writing.

(d) The agency may not issue a permit for a new disposal facility, as defined in section 115A.03, subdivision 10, or a permit to expand an existing disposal facility unless:

(1) all local units of government in which the facility is to be sited and exercising their respective land use and zoning authority pursuant to chapter 366, 494, or 462 have granted approval for and provided any required public notices of the new or expanded facility prior to the issuance of the permit;

(2) all local units of government in which the facility is to be sited and exercising their respective land use and zoning authority pursuant to chapter 366, 494, or 462 have authorized the permit to be issued prior to or concurrent with the required approval by the local unit of government; or

(3) the new or expanded facility is part of and will be sited on land already identified in an approved solid waste management plan as described in paragraph (a).

(e) The commissioners of the Pollution Control Agency and natural resources shall apply Minnesota Rules, parts 7001.3050, subpart 3, item G, and 7035.2525, subpart 2, item G, to solid waste facilities permitted under and in compliance with those rules and in compliance with Minnesota Rules, chapter 6132.

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

Sec. 118. Minnesota Statutes 2014, section 116.07, subdivision 7, is amended to read:

Subd. 7. **Counties; processing of applications for animal lot permits.** Any Minnesota county board may, by resolution, with approval of the Pollution Control Agency, assume responsibility for

processing applications for permits required by the Pollution Control Agency under this section for livestock feedlots, poultry lots or other animal lots. The responsibility for permit application processing, if assumed by a county, may be delegated by the county board to any appropriate county officer or employee.

(a) For the purposes of this subdivision, the term "processing" includes:

(1) the distribution to applicants of forms provided by the Pollution Control Agency;

(2) the receipt and examination of completed application forms, and the certification, in writing, to the Pollution Control Agency either that the animal lot facility for which a permit is sought by an applicant will comply with applicable rules and standards, or, if the facility will not comply, the respects in which a variance would be required for the issuance of a permit; and

(3) rendering to applicants, upon request, assistance necessary for the proper completion of an application.

(b) For the purposes of this subdivision, the term "processing" may include, at the option of the county board, issuing, denying, modifying, imposing conditions upon, or revoking permits pursuant to the provisions of this section or rules promulgated pursuant to it, subject to review, suspension, and reversal by the Pollution Control Agency. The Pollution Control Agency shall, after written notification, have 15 days to review, suspend, modify, or reverse the issuance of the permit. After this period, the action of the county board is final, subject to appeal as provided in chapter 14. For permit applications filed after October 1, 2001, section 15.99 applies to feedlot permits issued by the agency or a county pursuant to this subdivision.

(c) For the purpose of administration of rules adopted under this subdivision, the commissioner and the agency may provide exceptions for cases where the owner of a feedlot has specific written plans to close the feedlot within five years. These exceptions include waiving requirements for major capital improvements.

(d) For purposes of this subdivision, a discharge caused by an extraordinary natural event such as a precipitation event of greater magnitude than the 25-year, 24-hour event, tornado, or flood in excess of the 100-year flood is not a "direct discharge of pollutants."

(e) In adopting and enforcing rules under this subdivision, the commissioner shall cooperate closely with other governmental agencies.

(f) The Pollution Control Agency shall work with the Minnesota Extension Service, the Department of Agriculture, the Board of Water and Soil Resources, producer groups, local units of government, as well as with appropriate federal agencies such as the Natural Resources Conservation Service and the Farm Service Agency, to notify and educate producers of rules under this subdivision at the time the rules are being developed and adopted and at least every two years thereafter.

(g) The Pollution Control Agency shall adopt rules governing the issuance and denial of permits for livestock feedlots, poultry lots or other animal lots pursuant to this section. Pastures are exempt from the rules authorized under this paragraph. A feedlot permit is not required for livestock feedlots with more than ten but less than 50 animal units; provided they are not in shoreland areas. A livestock feedlot permit does not become required solely because of a change in the ownership

of the buildings, grounds, or feedlot. These rules apply both to permits issued by counties and to permits issued by the Pollution Control Agency directly.

(h) The Pollution Control Agency shall exercise supervising authority with respect to the processing of animal lot permit applications by a county.

(i) Any new rules or amendments to existing rules proposed under the authority granted in this subdivision, or to implement new fees on animal feedlots, must be submitted to the members of legislative policy and finance committees with jurisdiction over agriculture and the environment prior to final adoption. The rules must not become effective until 90 days after the proposed rules are submitted to the members.

(j) Until new rules are adopted that provide for plans for manure storage structures, any plans for a liquid manure storage structure must be prepared or approved by a registered professional engineer or a United States Department of Agriculture, Natural Resources Conservation Service employee.

(k) A county may adopt by ordinance standards for animal feedlots that are more stringent than standards in Pollution Control Agency rules.

(l) After January 1, 2001, a county that has not accepted delegation of the feedlot permit program must hold a public meeting prior to the agency issuing a feedlot permit for a feedlot facility with 300 or more animal units, unless another public meeting has been held with regard to the feedlot facility to be permitted.

(m) After the proposed rules published in the State Register, volume 24, number 25, are finally adopted, the agency may not impose additional conditions as a part of a feedlot permit, unless specifically required by law or agreed to by the feedlot operator.

(n) For the purposes of feedlot permitting, a discharge from land-applied manure or a manure stockpile that is managed according to agency rule must not be subject to a fine for a discharge violation.

(o) For the purposes of feedlot permitting, manure that is land applied, or a manure stockpile that is managed according to agency rule, must not be considered a discharge into waters of the state, unless the discharge is to waters of the state, as defined by section 103G.005, subdivision 17, except type 1 or type 2 wetlands, as defined in section 103G.005, subdivision 17b, and does not meet discharge standards established for feedlots under agency rule.

(p) Unless the upgrade is needed to correct an immediate public health threat under section 145A.04, subdivision 8, or the facility is determined to be a concentrated animal feeding operation under Code of Federal Regulations, title 40, section 122.23, in effect on April 15, 2003, the agency may not require a feedlot operator:

(1) to spend more than \$3,000 to upgrade an existing feedlot with less than 300 animal units unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade; or

(2) to spend more than \$10,000 to upgrade an existing feedlot with between 300 and 500 animal units, unless cost-share money is available to the feedlot operator for 75 percent of the cost of the upgrade or \$50,000, whichever is less.

(q) For the purposes of this section, "pastures" means areas, including winter feeding areas as part of a grazing area, where grass or other growing plants are used for grazing and where the concentration of animals allows a vegetative cover to be maintained during the growing season except that vegetative cover is not required:

- (1) in the immediate vicinity of supplemental feeding or watering devices;
- (2) in associated corrals and chutes where livestock are gathered for the purpose of sorting, veterinary services, loading and unloading trucks and trailers, and other necessary activities related to good animal husbandry practices; and
- (3) in associated livestock access lanes used to convey livestock to and from areas of the pasture.

(r) A feedlot operator who stores and applies up to 100,000 gallons per calendar year of private truck wash wastewater resulting from trucks that transport animals or supplies to and from the feedlot does not require a permit to land-apply industrial by-products if the feedlot operator stores and applies the wastewater in accordance with Pollution Control Agency requirements for land applications of industrial by-product that do not require a permit.

(s) A feedlot operator who holds a permit from the Pollution Control Agency to land-apply industrial by-products from a private truck wash is not required to have a certified land applicator apply the private truck wash wastewater if the wastewater is applied by the feedlot operator to cropland owned or leased by the feedlot operator or by a commercial animal waste technician licensed by the commissioner of agriculture under chapter 18C.

For purposes of this paragraph and paragraph (r), "private truck wash" means a truck washing facility owned or leased, operated, and used only by a feedlot operator to wash trucks owned or leased by the feedlot operator and used to transport animals or supplies to and from the feedlot.

Sec. 119. Minnesota Statutes 2014, section 116.07, is amended by adding a subdivision to read:

**Subd. 13. Limitation regarding certain policies, guidelines, and other nonbinding interpretive statements.** The commissioner shall not seek to implement or enforce against any entity or permittee a policy, guideline, or other nonbinding interpretive statement that meets the definition of a rule under chapter 14 if the policy, guideline, or other nonbinding interpretive statement has not been adopted as a rule in accordance with chapter 14.

Sec. 120. Minnesota Statutes 2014, section 116C.991, is amended to read:

**116C.991 ENVIRONMENTAL REVIEW; SILICA SAND PROJECTS.**

(a) Until July 1, 2015 a final rule is adopted pursuant to Laws 2013, chapter 114, article 4, section 105, paragraph (d), an environmental assessment worksheet must be prepared for any silica sand project that meets or exceeds the following thresholds, unless the project meets or exceeds the thresholds for an environmental impact statement under rules of the Environmental Quality Board and an environmental impact statement must be prepared:

- (1) excavates 20 or more acres of land to a mean depth of ten feet or more during its existence. The local government is the responsible governmental unit; or
- (2) is designed to store or is capable of storing more than 7,500 tons of silica sand or has an annual throughput of more than 200,000 tons of silica sand and is not required to receive a permit

from the Pollution Control Agency. The Pollution Control Agency is the responsible governmental unit.

(b) In addition to the contents required under statute and rule, an environmental assessment worksheet completed according to this section must include:

(1) a hydrogeologic investigation assessing potential groundwater and surface water effects and geologic conditions that could create an increased risk of potentially significant effects on groundwater and surface water;

(2) for a project with the potential to require a groundwater appropriation permit from the commissioner of natural resources, an assessment of the water resources available for appropriation;

(3) an air quality impact assessment that includes an assessment of the potential effects from airborne particulates and dust;

(4) a traffic impact analysis, including documentation of existing transportation systems, analysis of the potential effects of the project on transportation, and mitigation measures to eliminate or minimize adverse impacts;

(5) an assessment of compatibility of the project with other existing uses; and

(6) mitigation measures that could eliminate or minimize any adverse environmental effects for the project.

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

Sec. 121. Minnesota Statutes 2014, section 116D.04, is amended by adding a subdivision to read:

Subd. 17. **Discretionary review notification.** The commissioners of natural resources and the Pollution Control Agency, when ordering the preparation of a discretionary environmental impact statement or discretionary environmental assessment worksheet for a proposed action, must notify the proposer of the action by certified mail at least 21 calendar days prior to making the order.

Sec. 122. Minnesota Statutes 2014, section 127A.353, subdivision 1, is amended to read:

Subdivision 1. **Appointment.** The school trust lands director shall be appointed by the governor. ~~The commissioner of administration shall provide office space for the director.~~ The commissioner shall provide human resources, payroll, accounting, procurement, and other similar administrative services to the school trust lands director. The director's appointment is subject to the advice and consent of the senate.

Sec. 123. Minnesota Statutes 2014, section 144.12, is amended by adding a subdivision to read:

Subd. 4. **Camper cabins and bunk houses.** Camper cabins and bunk houses are exempt from floor space, air space, or bed spacing requirements applicable to lodging establishments adopted by the commissioner. For the purposes of this section:

(1) "bunk house" means a building, structure, or enclosure intended to sleep more than one person for up to three nights that does not include a kitchen or bathroom; and

(2) "camper cabin" means a permanent rustic enclosure with walls and a floor that does not include a kitchen or bath; is located in a state park administered by the commissioner of natural

resources, at a resort as defined under section 157.15, subdivision 11, or at a recreational camping area as defined under section 327.14, subdivision 8; and is intended to be a place where sleeping accommodations are furnished to the public.

Sec. 124. Minnesota Statutes 2014, section 171.07, is amended by adding a subdivision to read:

Subd. 18. **All-terrain vehicle safety certificate.** (a) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued an all-terrain vehicle safety certificate. The records transmitted from the Department of Natural Resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

(b) After receiving information under paragraph (a) that a person has received an all-terrain vehicle safety certificate, the department shall include, on all drivers' licenses or Minnesota identification cards subsequently issued to the person, a graphic or written indication that the person has received the certificate.

(c) If a person who has received an all-terrain vehicle safety certificate applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the certificate as proof of its issuance and shall then follow the procedures in paragraph (b).

**EFFECTIVE DATE.** This section is effective January 1, 2016, or the date the new driver and vehicle services information technology system is implemented, whichever comes later.

Sec. 125. Minnesota Statutes 2014, section 282.011, subdivision 3, is amended to read:

**Subd. 3. Title examination.** The commissioner of revenue shall, if requested by the purchaser or the county attorney of the county where all or a portion of the land is situated, deliver the deed to the county attorney for use under Minnesota Statutes 2014, section 88.48, subdivision 5, but such delivery shall not be considered delivery to the purchaser. The county attorney shall be instructed when taking the transferral of the deed that said deed shall not be delivered to the purchaser unless the land involved is accepted as and placed into an auxiliary forest.

Sec. 126. Minnesota Statutes 2014, section 446A.073, subdivision 1, is amended to read:

**Subdivision 1. Program established.** When money is appropriated for grants under this program, the authority shall award grants up to a maximum of \$3,000,000 to governmental units to cover up to one-half the cost of ~~wastewater treatment or storm~~ water infrastructure projects made necessary by:

(1) a wasteload reduction prescribed under a total maximum daily load plan required by section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313(d);

(2) a phosphorus concentration or mass limit which requires discharging one milligram per liter or less at permitted design flow which is incorporated into a permit issued by the Pollution Control Agency;

(3) any other water quality-based effluent limit established under section 115.03, subdivision 1, paragraph (e), clause (8), and incorporated into a permit issued by the Pollution Control Agency that exceeds secondary treatment limits; or

(4) a total nitrogen limit of ten milligrams per liter or less for a land-based treatment system.

Sec. 127. Minnesota Statutes 2014, section 446A.073, subdivision 3, is amended to read:

Subd. 3. **Project priorities.** When money is appropriated for grants under this program, the authority shall accept applications during the month of July and reserve money for projects expected to proceed with construction by the end of the fiscal year in the order listed on the Pollution Control Agency's project priority list and in an amount based on the cost estimate submitted to the authority in the grant application or the as-bid costs, whichever is less. Notwithstanding Minnesota Rules, chapter 7077, the Pollution Control Agency may rank a drinking water infrastructure project on the agency's project priority list if the project is necessary to meet an applicable requirement in subdivision 1.

Sec. 128. Minnesota Statutes 2014, section 446A.073, subdivision 4, is amended to read:

Subd. 4. **Grant approval.** The authority must make a grant for an eligible project only after:

(1) the applicant has submitted the as-bid cost for the ~~wastewater treatment or storm-water infrastructure project~~;

(2) the Pollution Control Agency has approved the as-bid costs and certified the grant eligible portion of the project; and

(3) the authority has determined that the additional financing necessary to complete the project has been committed from other sources.

Sec. 129. Minnesota Statutes 2014, section 473.1565, is amended to read:

**473.1565 METROPOLITAN AREA WATER SUPPLY PLANNING ACTIVITIES; ADVISORY ~~COMMITTEE~~ COMMITTEES.**

Subdivision 1. **Planning activities.** (a) The Metropolitan Council must carry out planning activities addressing the water supply needs of the metropolitan area as defined in section 473.121, subdivision 2. The planning activities must include, at a minimum:

(1) development and maintenance of a base of technical information needed for sound water supply decisions including surface and groundwater availability analyses, water demand projections, water withdrawal and use impact analyses, modeling, and similar studies;

(2) development and periodic update of a metropolitan area master water supply plan, prepared in cooperation with and subject to the approval of the ~~commissioner of natural resources~~ policy advisory committee established in this section, that:

(i) provides guidance for local water supply systems and future regional investments;

(ii) emphasizes conservation, interjurisdictional cooperation, and long-term sustainability; and

(iii) addresses the reliability, security, and cost-effectiveness of the metropolitan area water supply system and its local and subregional components;

(3) recommendations for clarifying the appropriate roles and responsibilities of local, regional, and state government in metropolitan area water supply;

(4) recommendations for streamlining and consolidating metropolitan area water supply decision-making and approval processes; and

(5) recommendations for the ongoing and long-term funding of metropolitan area water supply planning activities and capital investments.

(b) The council must carry out the planning activities in this subdivision in consultation with the Metropolitan Area Water Supply Policy and Technical Advisory Committee Committees established in ~~subdivision 2~~ this section.

Subd. 2. **Policy advisory committee.** (a) A Metropolitan Area Water Supply Policy Advisory Committee is established to assist the council in its planning activities in subdivision 1. The policy advisory committee has the following membership:

- (1) the commissioner of agriculture or the commissioner's designee;
- (2) the commissioner of health or the commissioner's designee;
- (3) the commissioner of natural resources or the commissioner's designee;
- (4) the commissioner of the Pollution Control Agency or the commissioner's designee;
- (5) two officials of counties that are located in the metropolitan area, appointed by the governor, in consultation with the Association of Minnesota Counties;
- (6) five officials of noncounty local governmental units that are located in the metropolitan area, appointed by the governor, in consultation with the Association of Metropolitan Municipalities;
- (7) the chair of the Metropolitan Council or the chair's designee, who is chair of the advisory committee; and
- (8) one official each from the counties of Chisago, Isanti, Sherburne, and Wright, appointed by the governor, in consultation with the Association of Minnesota Counties and the League of Minnesota Cities; and
- (9) a representative of the Saint Paul Regional Water Services, appointed by and serving at the pleasure of the Saint Paul Regional Water Services, and a representative of the Minneapolis Water Department, appointed by and serving at the pleasure of the mayor of the city of Minneapolis.

A local government unit in each of the seven counties in the metropolitan area and Chisago, Isanti, Sherburne, and Wright Counties must be represented in the 11 appointments made under clauses (5), (6), and (8).

(b) Members of the advisory committee appointed by the governor serve at the pleasure of the governor. Members of the advisory committee serve without compensation but may be reimbursed for their reasonable expenses as determined by the Metropolitan Council. ~~The advisory committee expires December 31, 2016.~~

(c) The council must consider the work and recommendations of the policy advisory committee when the council is preparing its regional development framework.

Subd. 2a. **Technical advisory committee.** A Metropolitan Area Water Supply Technical Advisory Committee is established to inform the policy advisory committee's work by providing scientific and engineering expertise necessary to provide the region an adequate and sustainable water supply. The technical advisory committee consists of 15 members appointed by the policy advisory committee, with the majority of members representing single-city and multicity public water supply systems in the metropolitan area and including experts in:

(1) water resources analysis and modeling;

(2) hydrology; and

(3) the engineering, planning, design, and construction of water systems or water systems finance.

Members of the technical advisory committee serve at the pleasure of the policy advisory committee, without compensation, but may be reimbursed for their reasonable expenses as determined by the council.

Subd. 3. **Reports to legislature.** (a) The council must submit reports to the legislature regarding its findings, recommendations, and continuing planning activities under subdivision 1. These reports shall be included in the "Minnesota Water Plan" required in section 103B.151, and five-year interim reports may be provided as necessary.

(b) By February 15, 2017, and at least every five years thereafter, the policy advisory committee shall report to the council, the Legislative Water Commission, and the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources with the information required under this section. The policy advisory committee's report and recommendations must include information provided by the technical advisory committee.

**EFFECTIVE DATE; APPLICATION.** This section is effective the day following final enactment and applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

Sec. 130. **SURPLUS STATE LAND SALES.**

The school trust lands director shall identify, in consultation with the commissioner of natural resources, at least \$5,000,000 in state-owned lands suitable for sale. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell at least \$3,000,000 worth of lands identified under this section by June 30, 2017. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under Minnesota Statutes, section 92.83, on school trust lands that have public water access sites or old growth forests located on them.

Sec. 131. **REQUIRED RULEMAKING; SUBSURFACE SEWAGE TREATMENT SYSTEMS.**

The commissioner of the Pollution Control Agency shall adopt rules, using the expedited rulemaking process in Minnesota Statutes, section 14.389, that set forth procedures to conform with the changes to Minnesota Statutes, chapter 115, under this act and to streamline the subsurface sewage treatment system (SSTS) license application and renewal process in a manner that:

(1) surety bond and insurance requirements of licensed SSTS businesses meet the requirements of Minnesota Statutes, chapter 115 and section 326B.46, subdivision 2; and

(2) properly trained SSTS installers may complete work on a building sewer with respect to the Plumbing Code and plumbing program and SSTS designers and inspectors may complete work on a building sewer connected to an SSTS with respect to the Plumbing Code and plumbing program.

**Sec. 132. WETLAND CONSERVATION ACT REPORT.**

By March 15, 2016, the Board of Water and Soil Resources, in cooperation with the Department of Natural Resources, shall report to the committees with jurisdiction over environment and natural resources on the proposals to implement high priority areas for wetland replacement and in-lieu fees for replacement and modify wetland replacement siting and actions eligible for credit. In developing the report, the board and department shall consult with stakeholders and agencies.

**Sec. 133. ALL-TERRAIN VEHICLE REGISTRATION TRANSITION.**

(a) A person must have an unexpired class 1 or class 2 all-terrain vehicle or off-road vehicle registration and may continue to display the unexpired class 1 or class 2 all-terrain vehicle or off-road vehicle registration until the electronic licensing system has been upgraded to conform with the amendments to Minnesota Statutes, section 84.92, under this act.

(b) When the electronic licensing system has been upgraded, a person who possesses an unexpired class 1 or class 2 all-terrain vehicle or off-road vehicle registration may continue to display that unexpired class 1 or class 2 all-terrain vehicle or off-road vehicle registration until the class 1 or class 2 all-terrain vehicle or off-road vehicle registration is renewed, transferred, or replacement registration is applied for.

**Sec. 134. COST ANALYSIS OF WATER QUALITY STANDARDS.**

(a) The commissioner of management and budget, after consultation with the commissioner of the Pollution Control Agency, shall issue a request for proposal not to exceed \$500,000 to contract with a nonstate entity for an engineering cost analysis of current and recently adopted, proposed, or anticipated changes to water quality standards and rules, including:

(1) recently adopted or proposed changes to total suspended solid, nutrient, chloride, nitrate, and sulfate standards;

(2) proposed nondegradation rulemaking provisions; and

(3) proposed changes to water quality standards to incorporate a tiered aquatic life use framework.

(b) The contractor may employ engineering subcontractors serving local governments to complete the analysis. The analysis must include a cost analysis for a representative sample of at least 15 communities and provide an estimate of the cost impact to average residential and commercial connections in those communities. The sample must include a diverse set of communities based on geography, watersheds, community size, wastewater facility types and operators, storm water system types, and other factors to ensure the analysis is representative of the state as a whole. The analysis must include:

(1) an estimate of the overall capital and operating costs to maintain and upgrade wastewater and storm water systems for existing water quality standards;

(2) an estimate of the overall capital and operating costs likely to be incurred to upgrade wastewater and storm water systems for recently adopted, proposed, or anticipated changes to water quality standards; and

(3) an estimate of the incremental effect to overall water quality in the receiving waters as a direct result of the recently adopted, proposed, or anticipated changes to water quality standards.

(c) The commissioner shall submit the analysis to the chairs and ranking minority members of the committees and divisions of the house of representatives and senate with jurisdiction over water quality standards no later than January 1, 2017.

(d) Any appropriation for the contract under paragraph (a) does not cancel and is available until expended. Any money in excess of the \$500,000 needed must be paid from the agency's base budget.

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

**Sec. 135. RED RIVER MINIMUM WATER QUALITY STANDARDS.**

As part of achieving phosphorous reductions needed to protect the Red River and Lake Winnipeg, the Minnesota Pollution Control Agency shall work with the North Dakota Department of Health and the United States Environmental Protection Agency Regions 5 and 8 and with wastewater treatment plants in the Red River Basin that discharge more than 1,800 pounds of phosphorus per year to place wastewater treatment plants on a schedule to achieve a one milligram per liter total phosphorus effluent limit no sooner than 2025, unless a sooner date is mutually agreed to for a treatment plant by the agencies.

**Sec. 136. WILD RICE WATER QUALITY STANDARDS.**

(a) Until the commissioner of the Pollution Control Agency amends rules refining the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, to consider all independent research and publicly funded research and to include criteria for identifying waters and a list of waters subject to the standard, implementation of the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, shall be limited to the following, unless the permittee requests additional conditions:

(1) when issuing, modifying, or renewing national pollutant discharge elimination system (NPDES) or state disposal system (SDS) permits, the agency shall endeavor to protect wild rice, and in doing so shall be limited by the following conditions:

(i) the agency shall not require permittees to expend money for design or implementation of sulfate treatment technologies or other forms of sulfate mitigation; and

(ii) the agency may require sulfate minimization plans in permits; and

(2) the agency shall not list waters containing natural beds of wild rice as impaired for sulfate under section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313, until the rulemaking described in this paragraph takes effect.

(b) Upon the rule described in paragraph (a) taking effect, the agency may reopen permits issued or reissued after the effective date of this section as needed to include numeric permit limits based on the wild rice water quality standard.

(c) The commissioner shall complete the rulemaking described in paragraph (a) by January 15, 2018.

**Sec. 137. FEDERAL CLEAN WATER ACT SECTION 404 PERMIT PROGRAM FEASIBILITY STUDY.**

(a) The Board of Water and Soil Resources and the commissioner of natural resources shall study the feasibility of the state assuming administration of the section 404 permit program of the federal Clean Water Act. The United States Army Corps of Engineers, St. Paul District; and the United States Environmental Protection Agency shall be consulted with during the development of the study. The study shall identify:

- (1) the federal requirements for state assumption of the 404 program;
- (2) the potential extent of assumption, including those waters that would remain under the jurisdiction of the United States Army Corps of Engineers due to the prohibition of 404 assumption in certain waters as defined in section 404(g)(1) of the federal Clean Water Act;
- (3) differences in waters regulated under Minnesota laws compared to waters of the United States, including complications and potential solutions to address the current uncertainties relating to determining waters of the United States;
- (4) measures to ensure the protection of aquatic resources consistent with the Clean Water Act, Wetland Conservation Act, and the public waters program administered by the Department of Natural Resources;
- (5) changes to existing state law, including changes to current implementation structure and processes, that would need to occur to allow for state assumption of the 404 program;
- (6) new agency responsibilities for implementing federal requirements and procedures that would become the obligation of the state under assumption, including the staff and resources needed for implementation;
- (7) the estimated costs and savings that would accrue to affected units of government;
- (8) the effect on application review and approval processes and time frames;
- (9) alternatives to assumption that would also achieve the goals of regulatory simplification, efficiency, and reduced permitting times;
- (10) options for financing any additional costs of implementation; and
- (11) other information as determined by the board and commissioner.

(b) The board and commissioner shall involve stakeholders in the development of the plan of study consistent with Minnesota Statutes, section 103B.101, subdivision 16.

(c) By January 15, 2017, the board and commissioner must report the study to the legislative policy and finance committees and divisions with jurisdiction over environment and natural resources.

**Sec. 138. METROPOLITAN PARKS; INTEREST EARNINGS.**

Notwithstanding Laws 1985, First Special Session chapter 15, section 5, subdivision 2, paragraph (b), and Laws 1987, chapter 384, article 3, section 45, the Metropolitan Council shall

use the interest earnings in Laws 1985, First Special Session chapter 15, section 5, subdivision 2, for the use and betterment of all regional recreational open space lands under the jurisdiction of the Metropolitan Council.

**EFFECTIVE DATE.** This section is effective January 1, 2018.

**Sec. 139. REFUNDS; YOUTH BEAR LICENSES.**

The commissioner of natural resources may issue refunds for youth bear licenses that were purchased between August 1, 2013, and June 30, 2014, to individuals who were 10, 11, or 12 years old at the time of purchase until June 30, 2016.

**Sec. 140. WATER RETENTION PROJECTS.**

By August 1, 2015, the commissioner of natural resources, in cooperation with the commissioners of agriculture and the Pollution Control Agency, the Board of Water and Soil Resources, and other interested parties, shall develop proposals for significant large-scale projects that provide flood water retention, water quality improvements, nutrient and sediment reduction, and wildlife habitat for submission to the Lessard-Sams Outdoor Heritage Council, Clean Water Council, and the Legislative-Citizen Commission on Minnesota Resources for funding in fiscal year 2017. Any deadlines established by the Lessard-Sams Outdoor Heritage Council, Clean Water Council, or the Legislative-Citizen Commission on Minnesota Resources are waived for purposes of the submissions.

**Sec. 141. WILD TURKEY CRITICAL HABITAT PLATE.**

The commissioner of natural resources and the commissioner of public safety must select a design depicting wild turkey when selecting designs for the next selection of critical habitat plates as provided under Minnesota Statutes, section 168.1296, subdivision 2.

**Sec. 142. BASE BUDGET REPORT.**

The commissioners of agriculture, natural resources, and the Pollution Control Agency shall each submit a report that contains the details of their base budgets, including prior appropriation riders, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources by October 15, 2016.

**Sec. 143. NEGATIVE SURFACE WATER IMPACTS; RECOMMENDATIONS.**

By December 15, 2015, the commissioner of natural resources shall consult with interested stakeholders and submit a report to the Legislative Water Commission and the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources policy and finance on recommendations for statutory or rule definitions and thresholds for negative impacts to surface waters as described in Minnesota Statutes, sections 103G.285 and 103G.287, subdivision 2. Stakeholders must include but are not limited to agricultural interests; environmental interests; businesses; community water suppliers; state, federal, and local agencies; universities; and other interested stakeholders.

**Sec. 144. RULEMAKING; SSTS; EXISTING CAMPGROUNDS AND RESORTS.**

(a) The commissioner of the Pollution Control Agency shall adopt rules, using the expedited rulemaking process in Minnesota Statutes, section 14.389, to eliminate the need for existing

campgrounds and resorts that are open for 180 days or less per year to estimate wastewater flow rates to subsurface sewage treatment systems as required by Minnesota Rules, part 7081.0040, subpart 1, item B. The rules shall establish flow monitoring and recording for subsurface sewage treatment systems at existing campgrounds and resorts that are open for 180 days or less per year as provided in paragraphs (b) to (f).

(b) The rules shall provide that existing campgrounds and resorts are allowed to use the following flow measurement methods:

- (1) sewage lift station pump with runtime meter and counter;
- (2) sewage flow meter;
- (3) flow meters on wells; and
- (4) water softener system with flow measurement when the measurement includes all flow to the subsurface soil treatment system, including backwash.

(c) The measured flow rate must include the total of all treatment systems that are located on the resort or campground. If fewer than 25 percent of the systems are not measured, an average of the metered systems can be used to determine the flow from the unmetered systems.

(d) A daily flow rate and daily campground occupancy rate must be recorded for a minimum of two weeks, centered on and including July 4. Weekly monitoring must also be done for an additional continuous two weeks prior and two weeks following July 4.

(e) If no flow data exists, the existing campground or resort owner or operator shall implement an acceptable flow measurement plan and start measuring and recording flow data within 120 days of notification.

(f) Flow measurement devices must be calibrated before start-up of monitoring and another calibration during the test to verify results.

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

**Sec. 145. RULEMAKING; SEPTIC SYSTEM PROFESSIONALS; ELIGIBILITY.**

The commissioner of the Pollution Control Agency shall adopt rules, using the expedited rulemaking process in Minnesota Statutes, section 14.389, to create a procedure for previously or currently certification-eligible septic system professionals to apply to re-establish or maintain certification eligibility. The conditional eligibility shall begin upon acceptance of an application by the Pollution Control Agency and end upon completion of recertification procedures, including completion of necessary continuing education and examinations. The length of the conditional eligibility shall be limited to one year.

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

**Sec. 146. INITIAL IMPLEMENTATION; WAIVERS.**

A soil and water conservation district must grant a conditional compliance waiver under Minnesota Statutes, section 103F.48, to landowners who have applied for and maintained eligibility for financial assistance within one year of the dates listed in Minnesota Statutes, section 103F.48, subdivision 3, paragraph (e), according to Minnesota Statutes, section 103F.48. A conditional compliance waiver also must be granted to landowners who are subject to a drainage proceeding

commenced under Minnesota Statutes, sections 103E.011, subdivision 5; 103E.021, subdivision 6; and 103E.715. The conditional compliance waiver is valid until financial assistance is available for buffer installation, but not later than November 1, 2018.

Sec. 147. **TRANSFERS.**

(a) By June 30, 2015, the commissioner of management and budget shall transfer to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, the remaining balance in the forests for the future conservation easement account under Minnesota Statutes, section 84.68.

(b) By June 30, 2015, the commissioner of management and budget shall transfer to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, the following amounts:

(1) \$114,840 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 3, paragraph (a);

(2) \$25,000 from Laws 2012, chapter 264, article 1, section 2, subdivision 5, paragraph (a); and

(3) \$14,000 from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (c).

(c) The commissioner of management and budget shall transfer additional amounts from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (c), to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, upon closing on conservation easements funded by the appropriation, provided that total transfers to the account shall not exceed \$42,000.

(d) The commissioner of management and budget shall transfer amounts from Laws 2014, chapter 256, article 1, section 2, subdivision 2, paragraph (e), to the natural resources conservation easement stewardship account, established in Minnesota Statutes, section 84.69, upon closing on conservation easements funded by the appropriation, provided that total transfers to the account shall not exceed \$112,000.

(e) By June 30, 2015, the commissioner of management and budget shall transfer to the water and soil conservation easement stewardship account, established in Minnesota Statutes, section 103B.103, the following amounts:

(1) \$191,667 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 2, paragraph (c);

(2) \$57,750 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 4, paragraph (a);

(3) \$15,750 from Laws 2011, First Special Session chapter 6, article 1, section 2, subdivision 4, paragraph (c);

(4) \$48,000 from Laws 2012, chapter 264, article 1, section 2, subdivision 2, paragraph (a);

(5) \$1,821 from Laws 2012, chapter 264, article 1, section 2, subdivision 3, paragraph (a);

(6) \$26,400 from Laws 2013, chapter 137, article 1, section 2, subdivision 3, paragraph (b);

(7) \$26,400 from Laws 2013, chapter 137, article 1, section 2, subdivision 2, paragraph (e);

(8) \$4,800 from Laws 2013, chapter 137, article 1, section 2, subdivision 4, paragraph (d); and

(9) \$4,500 from Laws 2014, chapter 256, article 1, section 2, subdivision 2, paragraph (f).

(f) The commissioner of management and budget shall continue to transfer money, appropriated to the Board of Water and Soil Resources on or before June 30, 2015, for conservation easement monitoring and enforcement funds to the water and soil conservation easement stewardship account, established in Minnesota Statutes, section 103B.103, upon closing on conservation easements, provided that total transfers to the account shall not exceed the "up to" amount specified in each appropriation.

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

Sec. 148. **REVISOR'S INSTRUCTIONS.**

(a) The revisor of statutes shall delete the range reference "88.47 to 88.53" wherever it appears in Minnesota Statutes and Minnesota Rules and insert "88.49 to 88.53."

(b) The revisor of statutes shall renumber the subdivisions of Minnesota Statutes, section 103G.005, to retain alphabetical order and shall correct cross-references to the renumbered subdivisions.

Sec. 149. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall prepare draft legislation to amend statutes to conform with structural changes to the Minnesota Pollution Control Agency under sections 112 to 115 and 150. The revisor shall submit the proposed legislation to the chairs of the house of representatives and senate committees with jurisdiction over environment policy by January 1, 2016.

Sec. 150. **REPEALER.**

(a) Minnesota Statutes 2014, sections 84.68; 88.47; 88.48; 88.49, subdivisions 1, 2, and 10; 88.491, subdivision 1; 88.51, subdivision 2; and 282.013, are repealed.

(b) Minnesota Statutes 2014, section 86B.13, subdivisions 2 and 4, are repealed.

(c) Minnesota Statutes 2014, section 116.02, subdivisions 2, 3, 4, 6, 7, 8, 9, and 10, are repealed.

(d) Minnesota Statutes 2014, sections 103F.421, subdivision 5; 103F.451; and 114D.50, subdivision 4a, are repealed.

**EFFECTIVE DATE.** Paragraph (b) of this section is effective the day following final enactment.

## ARTICLE 5

### GAME AND FISH

Section 1. Minnesota Statutes 2014, section 84.027, subdivision 13a, is amended to read:

Subd. 13a. **Game and fish expedited permanent rules.** (a) In addition to the authority granted in subdivision 13, the commissioner of natural resources may adopt rules under section 14.389 that are authorized under:

(1) chapters 97A, 97B, and 97C to describe zone or permit area boundaries, to designate fish spawning beds or fish preserves, to select hunters or anglers for areas, to provide for registration of game or fish, to prevent or control wildlife disease, or to correct errors or omissions in rules that do not have a substantive effect on the intent or application of the original rule; or

(2) section 84D.12 to list prohibited invasive species, regulated invasive species, and unregulated nonnative species.

(b) The commissioner of natural resources may adopt rules under section 14.389 that are authorized under chapters 97A, 97B, and 97C, for purposes in addition to those listed in paragraph (a), clause (1), subject to the notice and public hearing provisions of section 14.389, subdivision 5.

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

Sec. 2. Minnesota Statutes 2014, section 84.0274, subdivision 3, is amended to read:

Subd. 3. **Condemnation limits.** No lands shall be acquired by the commissioner of natural resources by means of condemnation unless the owner requests that the owner's lands be condemned or the condemnation is specifically authorized by law. Notwithstanding subdivision 5, paragraph (g), and sections 117.52 and 117.521, the owner shall not be paid relocation costs when the owner requests that their lands be condemned.

Sec. 3. Minnesota Statutes 2014, section 84.0274, subdivision 5, is amended to read:

Subd. 5. **Owner's rights.** When the state proposes to purchase in fee or any lesser interest in land which will be administered by the commissioner of natural resources, the landowner shall have the following rights:

(a) the right to be informed of the specific intended use of the property and of any change in the intended use of the property which occurs during the acquisition process. The owner shall also be informed that the documents regarding the purchase will be public records if the land is purchased by the state;

(b) the right to be paid a fair price for the property. The price shall include the fair market value of the land plus:

(1) all necessary incidental costs such as abstracting and recording fees related to the sale. The costs of clearing title defects, paying taxes, and attorney's fees are not reimbursable; and

(2) any penalties incurred by the owner where the property is security for a loan or advance of credit that contains a provision requiring or permitting the imposition of a penalty if the loan or advance of credit is prepaid;

(c) the right to payment, at the owner's election, in a lump sum or in up to four annual installments;

(d) the right to have the property fairly appraised by the state. The state's appraiser shall physically inspect the property and the owner shall be allowed to accompany the appraiser when the appraisal is made. The state's appraiser shall certify in the appraisal report to having physically inspected the property and having given the landowner an opportunity to accompany the appraiser on inspections. Notwithstanding section 13.44, subdivision 3, before an offer is made, the landowner shall be informed of the value determined pursuant to section 84.0272;

(e) the right to retain a qualified independent appraiser to conduct an appraisal at any time prior to certification of the state's appraisal of the property ~~and to be reimbursed for appraisal fees as provided in section 117.232, subdivision 1, if the land is sold to the state~~ and to have that appraisal considered along with the state's in certifying the selling price and the right to be reimbursed for appraisal fees up to \$1,500 if the land is sold to the state;

(f) the right to have the state acquire the property by means of condemnation upon the owner's request with the agreement of the commissioner;

(g) when the property is being acquired by condemnation or the condemnation is specifically authorized by law, the right to receive or waive relocation assistance, services, payments and benefits as provided in sections 117.52 and 117.521 and to contest the state's offer for relocation and moving expenses;

(h) the right to accept the state's offer for the property ~~and contest the state's offer for relocation and moving expenses;~~

(i) the right to continue occupancy of the property until full payment is received, provided that when the owner elects to receive payment in annual installments pursuant to clause (c), the owner may retain occupancy until the first payment is made; and

(j) the right to seek the advice of counsel regarding any aspect of the land transaction.

Sec. 4. Minnesota Statutes 2014, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) Taking wild animals from infested waters for bait or aquatic farm purposes is prohibited, except as provided in paragraph (b), (c), or (d), and section 97C.341.

(b) In waters that are listed as infested waters, except those listed ~~because they contain as infested with prohibited invasive species of fish or certifiable diseases of fish, as defined under section 17.4982, subdivision 6,~~ taking wild animals may be permitted for:

(1) commercial taking of wild animals for bait and aquatic farm purposes ~~according to as provided in a permit issued under section 84D.11, subject to rules adopted by the commissioner;~~ and

(2) bait purposes for noncommercial personal use in waters that contain Eurasian water milfoil, when the infested waters are listed solely because they contain Eurasian water milfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length; ~~and.~~

~~(3) (c) In streams or rivers that are listed as infested waters, except those listed as infested with certifiable diseases of fish, as defined under section 17.4982, subdivision 6, the harvest of bullheads, goldeyes, mooneyes, sheepshead (freshwater drum), and suckers for bait from streams or rivers listed as infested waters, by hook and line for noncommercial personal use. Other provisions that apply to this clause are~~ is allowed as follows:

~~(i) (1) fish taken under this clause paragraph~~ must be used on the same body of water where caught and while still on that water body. Where the river or stream is divided by barriers such as dams, the fish must be caught and used on the same section of the river or stream;

(ii) (2) fish taken under this clause paragraph may not be transported live from or off the water body;

(iii) (3) fish harvested under this clause paragraph may only be used in accordance with this section;

(iv) (4) any other use of wild animals used for bait from infested waters is prohibited;

(v) (5) fish taken under this clause paragraph must meet all other size restrictions and requirements as established in rules; and

(vi) (6) all species listed under this clause paragraph shall be included in the person's daily limit as established in rules, if applicable.

(d) In the Mississippi River downstream of St. Anthony Falls and the St. Croix River downstream of the dam at Taylors Falls, including portions described as Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, the harvest of gizzard shad by cast net for noncommercial personal use as bait for angling, as provided in a permit issued under section 84D.11, is allowed as follows:

(1) nontarget species must immediately be returned to the water;

(2) gizzard shad taken under this paragraph must be used on the same body of water where caught and while still on that water body. Where the river is divided by barriers such as dams, the gizzard shad must be caught and used on the same section of the river;

(3) gizzard shad taken under this paragraph may not be transported off the water body; and

(4) gizzard shad harvested under this paragraph may only be used in accordance with this section.

This paragraph expires December 1, 2017.

(e) (e) Equipment authorized for minnow harvest in a listed infested water by permit issued under paragraph (b) may not be transported to, or used in, any waters other than waters specified in the permit.

Sec. 5. Minnesota Statutes 2014, section 86B.201, is amended by adding a subdivision to read:

Subd. 4. **Construction area restrictions.** The commissioner, after consulting with the governmental units and contractors involved in a construction project, may adopt, by written order, temporary water surface use controls for recreational uses at public construction and maintenance sites that cross or are adjacent to waters of the state for a period of time not to exceed the duration of the construction or maintenance project. Temporary controls adopted under this subdivision are exempt from the rulemaking requirements of chapter 14 and section 14.386 does not apply.

Sec. 6. Minnesota Statutes 2014, section 86B.313, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** (a) In addition to requirements of other laws relating to watercraft, a person may not operate or permit the operation of a personal watercraft:

(1) without each person on board the personal watercraft wearing a United States Coast Guard (USCG) approved Type I, II, III, or V wearable personal flotation device with a USCG label indicating it either is approved for or does not prohibit use with personal watercraft or water skiing;

(2) between one hour before sunset and 9:30 a.m.;

- (3) at greater than slow-no wake speed within 150 feet of:
- (i) a shoreline;
  - (ii) a dock;
  - (iii) a swimmer;
  - (iv) a raft used for swimming or diving; or
  - (v) a moored, anchored, or nonmotorized watercraft;
- (4) while towing a person on water skis, a kneeboard, an inflatable craft, or any other device unless:
- (i) an observer is on board; or
  - (ii) the personal watercraft is equipped with factory-installed or factory-specified accessory mirrors that give the operator a wide field of vision to the rear;
- (5) without the lanyard-type engine cutoff switch being attached to the person, clothing, or personal flotation device of the operator, if the personal watercraft is equipped by the manufacturer with such a device;
- (6) if any part of the spring-loaded throttle mechanism has been removed, altered, or tampered with so as to interfere with the return-to-idle system;
- (7) to chase or harass wildlife;
- (8) through emergent or floating vegetation at other than a slow-no wake speed;
- (9) in a manner that unreasonably or unnecessarily endangers life, limb, or property, including weaving through congested watercraft traffic, jumping the wake of another watercraft within 150 feet of the other watercraft, or operating the watercraft while facing backwards;
- (10) in any other manner that is not reasonable and prudent; or
- (11) without a personal watercraft rules decal, issued by the commissioner, attached to the personal watercraft so as to be in full view of the operator.
- (b) Paragraph (a), clause (3), does not apply to a person operating a personal watercraft to launch or land a person on water skis, a kneeboard, or similar device by the most direct route to open water.

Sec. 7. Minnesota Statutes 2014, section 86B.313, subdivision 4, is amended to read:

Subd. 4. **Dealers and rental operations.** (a) A dealer of personal watercraft shall distribute a summary of the laws and rules governing the operation of personal watercraft and, upon request, shall provide instruction to a purchaser regarding:

- (1) the laws and rules governing personal watercraft; and
  - (2) the safe operation of personal watercraft.
- (b) A person who offers personal watercraft for rent:

(1) shall provide a summary of the laws and rules governing the operation of personal watercraft and provide instruction regarding the laws and rules and the safe operation of personal watercraft to each person renting a personal watercraft;

(2) shall provide a United States Coast Guard (USCG) approved Type I, II, III, or V wearable personal flotation device with a USCG label indicating it either is approved for or does not prohibit use with personal watercraft or water skiing and any other required safety equipment to all persons who rent a personal watercraft at no additional cost; and

(3) shall require that a watercraft operator's permit from this state or from the operator's state of residence be shown each time a personal watercraft is rented to any person younger than age 18 and shall record the permit on the form provided by the commissioner.

(c) Each dealer of personal watercraft or person offering personal watercraft for rent shall have the person who purchases or rents a personal watercraft sign a form provided by the commissioner acknowledging that the purchaser or renter has been provided a copy of the laws and rules regarding personal watercraft operation and has read them. The form must be retained by the dealer or person offering personal watercraft for rent for a period of six months following the date of signature and must be made available for inspection by sheriff's deputies or conservation officers during normal business hours.

Sec. 8. Minnesota Statutes 2014, section 86B.315, is amended to read:

**86B.315 TOWING PERSON ON WATER SKIS OR OTHER DEVICE.**

Subdivision 1. **Observer or mirror required.** A person may not operate a watercraft on waters of this state and create a wake for a wake surfer or tow a person on water skis, an aquaplane, a surfboard, a saucer, or a similar device unless:

(1) there is another person in the watercraft in addition to the operator who is in a position to continually observe the person being towed; or

(2) the boat is equipped with a mirror providing the operator a wide field of vision to the rear.

Subd. 2. **Prohibited night skiing or towing prohibited activities.** On waters of this state, from one-half hour after sunset to sunrise of the following day, a person may not:

(1) wake surf;

(2) operate a watercraft creating a wake for a wake surfer;

(3) be towed by a watercraft; or

(4) operate a watercraft towing a person on water skis, an aquaplane, a surfboard, a saucer, or another device ~~on waters of this state from one hour after sunset to sunrise of the following day.~~

Sec. 9. Minnesota Statutes 2014, section 97A.015, subdivision 49, is amended to read:

Subd. 49. **Undressed bird.** "Undressed bird" means:

(1) a bird, ~~excluding~~ including ducks, with a fully feathered wing intact; or

(2) ~~a duck with a fully feathered wing and head attached; or~~

(3) a pheasant, Hungarian partridge, or wild turkey with one leg and foot intact.

Sec. 10. Minnesota Statutes 2014, section 97A.045, subdivision 11, is amended to read:

Subd. 11. **Power to prevent or control wildlife disease.** (a) If the commissioner determines that action is necessary to prevent or control a wildlife disease, the commissioner may prevent or control wildlife disease in a species of wild animal in addition to the protection provided by the game and fish laws by further limiting, closing, expanding, or opening seasons or areas of the state; by reducing or increasing limits in areas of the state; by establishing disease management zones; by authorizing free licenses; by allowing shooting from motor vehicles by persons designated by the commissioner; by issuing replacement licenses for sick animals; by requiring sample collection from hunter-harvested animals; by limiting wild animal possession, transportation, and disposition; and by restricting wildlife feeding.

(b) The commissioner shall restrict wildlife feeding within the modified accredited bovine tuberculosis zone proposed by the Board of Animal Health. In addition to any other penalties provided by law, a person who violates wildlife feeding restrictions required under this paragraph may not obtain a hunting license to take a wild animal for two years after the date of conviction.

(c) The commissioner may prevent or control wildlife disease in a species of wild animal in the state by posting restrictions on public access to active disease areas or by emergency rule adopted under section 84.027, subdivision 13.

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

Sec. 11. Minnesota Statutes 2014, section 97A.057, subdivision 1, is amended to read:

Subdivision 1. **Compliance with federal law.** The commissioner shall take any action necessary to comply with the Federal Aid in Wildlife Restoration Act, United States Code, title 16, sections 669 to 669i, and the Federal Aid in Fish Restoration Act, United States Code, title 16, sections 777 to 777k. Notwithstanding section 16E.145 or any other law to the contrary, an appropriation for an information or telecommunications technology project from the game and fish fund, as established in section 97A.055, must be made to the commissioner. Any assets acquired with or expenditures made from the game and fish fund must remain under control of the commissioner.

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

Sec. 12. Minnesota Statutes 2014, section 97A.211, subdivision 1, is amended to read:

Subdivision 1. **Notice to appear in court.** (a) A person must be given notice to appear in court for a misdemeanor violation of the game and fish laws; chapter 84, 84D, 103E, or 103G; sections 103F.201 to 103F.221; or section 103F.601 or 609.68 if:

(1) the person is arrested and is released from custody prior to appearing before a court; or

(2) the person is subject to a lawful arrest and is not arrested because it reasonably appears to the enforcement officer that arrest is unnecessary to prevent further criminal conduct and that there is a substantial likelihood that the person will respond to a notice.

(b) The enforcement officer shall ~~prepare, in quadruplicate,~~ a written or electronic notice to appear in court as provided by Rules of Criminal Procedure and section 169.99. The notice must be in the form and has the effect of a summons and complaint. The notice must contain the name and address of the person charged; and the offense; ~~and.~~ The notice must contain the time and the place to appear in court. ~~The court must have jurisdiction within the county where the offense is alleged~~

to have been committed or must direct the defendant to contact the court or violations bureau to schedule an appearance.

Sec. 13. Minnesota Statutes 2014, section 97A.211, subdivision 2, is amended to read:

Subd. 2. **Release after arrest.** A person arrested for a misdemeanor violation of the game and fish laws; chapter 84, 84D, 103E, or 103G; sections 103F.201 to 103F.221; or section 103F.601 or 609.68 may obtain release by ~~signing the written notice prepared by the arresting officer~~ promising to appear in court. The officer shall deliver a ~~copy marked "SUMMONS"~~ notice to the person arrested. The officer must then release the person from custody.

Sec. 14. Minnesota Statutes 2014, section 97A.255, subdivision 4, is amended to read:

Subd. 4. **Each violation a separate offense; prosecution of aggregated offenses.** (a) Except as allowed in paragraph (b), each wild animal unlawfully taken, bought, sold, transported, or possessed is a separate offense. If acquitted, a person may not be prosecuted for a similar offense involving another animal in the same incident.

(b) In any prosecution that involves two or more offenses committed by the same person within six months in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses in aggregate.

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

Sec. 15. Minnesota Statutes 2014, section 97A.411, subdivision 3, is amended to read:

Subd. 3. **Deer license.** (a) Except as provided in paragraphs (b) and (c), a license to take deer by archery, firearms, or muzzleloader issued after the opening of the related archery, firearms, or muzzleloader deer season, respectively, is not valid ~~until the second day after~~ unless it is was issued prior to legal shooting hours on the day of its first use.

(b) The commissioner may issue a license to take additional deer under section 97B.301, subdivision 4, that is not valid immediately upon issuance unless it was issued prior to legal shooting hours on the day the license is first used.

(c) Paragraph (a) does not apply to deer licenses for discharged military personnel under section 97A.465, subdivision 4.

Sec. 16. Minnesota Statutes 2014, section 97A.435, subdivision 4, is amended to read:

Subd. 4. **Separate selection of eligible licensees.** (a) The commissioner may conduct a separate selection for up to 20 percent of the turkey licenses to be issued for any area. Only persons who are owners or tenants of and who live on at least 40 acres of land in the permit area, and their family members who live on the qualifying land, are eligible applicants for turkey licenses for the separate selection. The qualifying land may be noncontiguous. Persons who are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons who obtain a license in a separate selection must allow public turkey hunting on their land during that turkey season. A license issued under this subdivision is restricted to the permit area where the qualifying land is located.

(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision.

Sec. 17. Minnesota Statutes 2014, section 97A.465, is amended by adding a subdivision to read:

Subd. 7. **Residents of veterans homes.** (a) A resident from a Minnesota veterans home may obtain a firearm or muzzleloader deer license during the season and take antlerless deer without a permit in all areas of the state open during the respective regular firearms or muzzleloader deer seasons in any permit area. This subdivision does not authorize the taking of an antlerless deer by another member of a party under section 97B.301, subdivision 3, in an area closed to taking antlerless deer or where the number of antlerless deer that may be taken is limited by a quota on the number of permits.

(b) A person may assist a Minnesota veterans home resident during the firearms or muzzleloader deer season without having a deer hunting license, but the person may not shoot a deer.

Sec. 18. **[97A.56] FERAL SWINE.**

Subdivision 1. **Definition.** For purposes of this section, "feral swine" means a member of the genus and species *Sus scrofa* that lives in the wild.

Subd. 2. **Prohibited actions; penalty.** (a) A person may not possess or release feral swine or swine that were feral during any part of the swines' lifetime or allow feral swine to run at large.

(b) A person may not hunt or trap feral swine, except as authorized by the commissioner for feral swine control or eradication. It is not a violation of this section if a person shoots a feral swine and reports the taking to the commissioner within 24 hours. All swine taken in this manner must be surrendered to the commissioner.

(c) A person who violates this subdivision is guilty of a misdemeanor.

Subd. 3. **Authorized removal of feral swine.** A person authorized under game and fish laws to take feral swine is not liable to the owner for the value of the animals.

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

Sec. 19. Minnesota Statutes 2014, section 97B.041, is amended to read:

**97B.041 POSSESSION OF FIREARMS AND AMMUNITION RESTRICTED IN DEER ZONES.**

(a) A person may not possess a firearm or ammunition outdoors during the period beginning the fifth day before the open firearms season and ending the second day after the close of the season within an area where deer may be taken by a firearm, except:

(1) during the open season and in an area where big game may be taken, a firearm and ammunition authorized for taking big game in that area may be used to take big game in that area if the person has a valid big game license in possession;

(2) an unloaded firearm that is in a case or in a closed trunk of a motor vehicle;

(3) a shotgun and shells containing No. 4 buckshot or smaller diameter lead shot or steel shot;

(4) a handgun or rifle capable of firing only rimfire cartridges of .17 and .22 caliber, including .22 magnum caliber cartridges;

(5) handguns possessed by a person authorized to carry a handgun under sections 624.714 and 624.715 for the purpose authorized; and

(6) on a target range operated under a permit from the commissioner.

(b) This section does not apply during an open firearms season in an area where deer may be taken only by muzzleloader, except that muzzle-loading firearms lawful for the taking of deer may be possessed only by persons with a valid license to take deer by muzzleloader during the muzzleloader season. While muzzleloader hunting, a person with a valid license to take deer by muzzleloader may not possess a firearm other than:

(1) a muzzleloader that is legal for taking deer under section 97B.031, subdivision 1; and

(2) a firearm as described in paragraph (a), clauses (2) to (5).

(c) A first violation of paragraph (a) is punishable by a warning.

Sec. 20. Minnesota Statutes 2014, section 97B.063, is amended to read:

**97B.063 HUNTER SATISFACTION SURVEY.**

The commissioner shall annually administer the collection of hunter information related to participation and satisfaction. This may include information on preferences, values, interests, participation rates and patterns, barriers to participation, or other factors. The data shall be collected using established social science methods. The commissioner shall annually submit a summary of the information gathered under this section to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources no later than January 1 for the preceding fiscal year. The commissioner shall also make the summary information available on the department's Web site.

Sec. 21. Minnesota Statutes 2014, section 97B.081, subdivision 3, is amended to read:

Subd. 3. **Exceptions.** (a) It is not a violation of this section for a person to:

(1) cast the rays of a spotlight, headlight, or other artificial light to take raccoons according to section 97B.621, subdivision 3, or tend traps according to section 97B.931;

(2) hunt fox or coyote from January 1 to March 15 while using a handheld artificial light, provided that the person is:

(i) on foot;

(ii) using a shotgun;

(iii) not within a public road right-of-way;

(iv) using a handheld or electronic calling device; and

(v) not within 200 feet of a motor vehicle; or

(3) cast the rays of a handheld artificial light to retrieve wounded or dead big game animals, provided that the person is:

(i) on foot; and

(ii) not in possession of a firearm or bow.

(b) It is not a violation of subdivision 2 for a person to cast the rays of a spotlight, headlight, or other artificial light to:

(1) carry out any agricultural, safety, emergency response, normal vehicle operation, or occupation-related activities that do not involve taking wild animals; or

(2) carry out outdoor recreation as defined in section 97B.001 that is not related to spotting, locating, or taking a wild animal.

(c) Except as otherwise provided by the game and fish laws, it is not a violation of this section for a person to use an electronic range finder device from one-half hour before sunrise until one-half hour after sunset while lawfully hunting wild animals.

(d) It is not a violation of this section for a licensed bear hunter to cast the rays of a handheld artificial light to track or retrieve a wounded or dead bear while possessing a firearm, provided that the person:

(1) has the person's valid bear hunting license in possession;

(2) is on foot; and

(3) is following the blood trail of a bear that was shot during legal shooting hours.

Sec. 22. Minnesota Statutes 2014, section 97B.085, subdivision 2, is amended to read:

Subd. 2. **Taking unprotected wild animals; permit required.** A person may not use radio equipment to take unprotected wild animals without a permit. ~~The commissioner may issue a permit to take unprotected animals with radio equipment. The commissioner shall cancel the permit upon receiving a valid complaint of misconduct regarding the permittee's hunting activities.~~

Sec. 23. Minnesota Statutes 2014, section 97B.301, is amended by adding a subdivision to read:

Subd. 9. **Residents age 84 or over may take deer of either sex.** A resident age 84 or over may take a deer of either sex. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.

Sec. 24. **[97B.722] POSSESSION OF FIREARMS; HUNTING TURKEY.**

(a) While afield hunting turkeys, licensees may not have in possession or control any firearm or bow and arrow except those defined as legal for taking turkeys in rules adopted by the commissioner.

(b) Paragraph (a) does not apply to a person carrying a handgun in compliance with section 624.714.

Sec. 25. **[97B.9251] BEAVER SEASON.**

The commissioner may establish open seasons and restrictions for taking beaver from 9:00 a.m. on the Saturday nearest October 26 in the North Zone and from 9:00 a.m. on the Saturday nearest October 30 in the South Zone. The seasons shall be open until May 15.

Sec. 26. Minnesota Statutes 2014, section 97C.345, is amended by adding a subdivision to read:

Subd. 3a. **Cast nets for gizzard shad.** (a) Cast nets may be used only to take gizzard shad for use as bait for angling:

(1) from July 1 to November 30; and

(2) from the Mississippi River downstream of St. Anthony Falls and the St. Croix River downstream of the dam at Taylors Falls, including portions described as Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, that are listed as infested waters as allowed under section 84D.03, subdivision 3.

(b) Cast nets used under this subdivision must be monofilament and may not exceed seven feet in diameter, and mesh size must be from three-eighths to five-eighths inch bar measure.

(c) This subdivision expires December 1, 2017. The commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over environment and natural resources by March 1, 2018, on the number of permits issued, conservation impacts from the use of cast nets, and recommendations for any necessary changes in statutes or rules.

Sec. 27. Minnesota Statutes 2014, section 97C.501, subdivision 2, is amended to read:

Subd. 2. **Minnow dealers.** (a) A person may not be a minnow dealer without a minnow dealer license except as provided in subdivision 3.

(b) A minnow dealer must obtain a minnow dealer's vehicle license for each motor vehicle used to transport minnows. The serial number, motor vehicle license number, make, and model must be on the license. The license must be conspicuously displayed in the vehicle.

(c) A minnow dealer may not transport minnows out of the state without an exporting minnow dealer license. A minnow dealer must obtain an exporting minnow dealer's vehicle license for each motor vehicle used to transport minnows out of the state. The serial number, motor vehicle license number, make, and model must be on the license. The license must be conspicuously displayed in the vehicle.

(d) A person with a minnow dealer's license may sell minnows at one retail outlet. A minnow dealer must obtain a minnow retailer license for each additional retail outlet operated. A minnow dealer operating a retail outlet under a minnow dealer's license must list the following information for the retail outlet: name of the business; city; state; zip code; and legal description or fire number. The retail outlet name and location may be changed by making application to the commissioner.

(e) A minnow dealer may designate employees as helpers who are authorized to take, buy, sell, and transport minnows on behalf of the minnow dealer. The employees designated as helpers must be listed on the minnow dealer's license, and a copy of the license designating the employee as a helper must be in the helper's possession when acting on behalf of the minnow dealer. The minnow dealer may add and delete helpers listed on the dealer's license within a license year by notifying the commissioner in writing of the change to the license. Employees who are acting under the direction and control of the minnow dealer but who are not designated as helpers may not buy or sell minnows on behalf of the minnow dealer. This paragraph does not apply to employees selling minnows at the retail outlet location under paragraph (d).

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

**Sec. 28. RULEMAKING; LIFTING SPEARING BANS AND NORTHERN PIKE REGULATIONS.**

(a) The commissioner of natural resources shall amend Minnesota Rules, parts 6262.0575, subpart 9, and 6264.0400, subparts 70 and 72, to delete the language prohibiting spearing.

(b) Notwithstanding Minnesota Statutes, section 97C.007, the commissioner of natural resources shall amend Minnesota Rules, part 6264.0400, subpart 71, to delete the language prohibiting spearing and modify the northern pike protected slot to 26 to 40 inches.

(c) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply.

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

**Sec. 29. RULEMAKING; WATER SURFACE USE RESTRICTIONS.**

(a) The commissioner of natural resources shall amend Minnesota Rules, part 6110.3700, subpart 9, to allow a longer period of temporary special controls in situations of local emergency by deleting "five" and inserting "30" and deleting "five-day" and inserting "30-day."

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

**Sec. 30. RULEMAKING; PERSONAL FLOTATION DEVICES.**

(a) To conform with changes in federal regulation, the commissioner of natural resources shall amend Minnesota Rules, part 6110.1200, subpart 3, as follows:

- (1) delete the term "Type I, II, or III" and insert "wearable";
- (2) delete the term "Type IV" and insert "throwable";
- (3) delete items B and D and reletter the remaining items; and
- (4) insert a new item that reads:

"C. All personal flotation devices required by this subpart must be:

- (1) approved by the U.S. Coast Guard;
- (2) legibly marked with any requirements and the approval number issued by the U.S. Coast Guard;

(3) in serviceable condition free of tears, rot, punctures, or waterlogging, and with all straps and fasteners present and in good condition;

(4) of the appropriate size for the intended wearer, if the device is designed to be worn, and in compliance with any requirements listed on the U.S. Coast Guard approval label;

(5) for wearable devices, either readily accessible or worn, except when:

(a) devices are required to be worn to be accepted as U.S. Coast Guard-approved; or

(b) wearing a U.S. Coast Guard-approved wearable personal flotation device is mandatory; and

(6) for throwable devices, immediately available.

"Readily accessible" means easily retrievable within a reasonable amount of time in an emergency. "Immediately available" means easily reached in time of emergency. Personal flotation

devices located in locked containers, under heavy objects, or left in shipping bags are not considered readily accessible or immediately available."

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

**Sec. 31. RULEMAKING; MOTORIZED TRAIL ENVIRONMENTAL REVIEW.**

(a) The Environmental Quality Board shall amend Minnesota Rules, chapter 4410, to allow the following without preparing a mandatory environmental assessment worksheet:

(1) constructing a recreational trail less than 25 miles long on forested or other naturally vegetated land for a recreational use;

(2) adding a new motorized recreational use or a seasonal motorized recreational use to an existing motorized recreational trail if the treadway width is not expanded as a result of the added use; and

(3) designating an existing, legally constructed route, such as a logging road, for motorized recreational trail use.

(b) The board may use the good cause exemption rulemaking procedure under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

**Sec. 32. REPEALER.**

(a) Minnesota Statutes 2014, section 97A.475, subdivision 25, is repealed.

(b) Minnesota Rules, part 6264.0400, subparts 27 and 28, are repealed.

**EFFECTIVE DATE.** Paragraph (b) is effective July 1, 2015."

Amend the title as follows:

Page 1, delete lines 2 to 17

Page 1, line 18, delete everything before "amending" and insert "relating to state government; appropriating money for agriculture, environment, and natural resources; modifying public entity purchasing requirements; modifying solid waste provisions; modifying subsurface sewage treatment systems provisions; modifying Dry Cleaner Environmental Response and Reimbursement Law; modifying environmental review; modifying structure of Minnesota Pollution Control Agency; modifying disposition of certain revenue; providing for temporary water surface use controls; providing for riparian buffers; providing for self-reporting of certain environmental violations; modifying compensable losses due to harmful substances; modifying invasive species provisions; modifying landowners' bill of rights; modifying state parks and trails provisions; modifying recreational vehicle provisions; modifying land sale and acquisition provisions; modifying forestry and timber provisions; modifying regulation of camper cabins and bunk houses; providing for all-terrain vehicle safety training indication on drivers' licenses and identification cards; creating accounts; modifying certain grant, permit, and fee provisions; modifying Water Law; modifying personal flotation device provisions; regulating wake surfing;

modifying game and fish laws; modifying metropolitan area water supply planning provisions; regulating water quality standards; making policy and technical changes to various agricultural related provisions, including provisions related to pesticides, plant protection, fertilizers, nursery law, seeds, dairy, food handlers, food, farmland, farming, and loans; authorizing the Industrial Hemp Development Act; modifying license exclusions for the direct sale of certain prepared food; establishing the agriculture research, education, extension, and technology transfer grant program; providing incentive payments; providing a vocational training pilot program; establishing the farm opportunity loan program; requiring studies and reports; requiring rulemaking; providing criminal penalties;"

Correct the title numbers accordingly

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

House Conferees: Denny McNamara, Rod Hamilton, Tom Hackbarth, Dan Fabian, David Dill

Senate Conferees: David J. Tomassoni, Dan Sparks, John A. Hoffman, Bill Weber

Senator Tomassoni moved that the foregoing recommendations and Conference Committee Report on H.F. No. 846 be now adopted, and that the bill be repassed as amended by the Conference Committee.

#### CALL OF THE SENATE

Senator Dibble imposed a call of the Senate for the balance of the proceedings on H.F. No. 846. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Tomassoni motion.

The roll was called, and there were yeas 37 and nays 28, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Metzen	Petersen, B.	Stumpf
Bakk	Hall	Miller	Pratt	Thompson
Benson	Hann	Nelson	Rosen	Tomassoni
Chamberlain	Ingebrigtsen	Newman	Ruud	Weber
Dahms	Jensen	Nienow	Saxhaug	Westrom
Eken	Kiffmeyer	Ortman	Senjem	
Fischbach	Koenen	Osmeck	Skoe	
Franzen	Limmer	Pederson, J.	Sparks	

Those who voted in the negative were:

Bonoff	Dibble	Hoffman	Pappas	Sieben
Carlson	Dziedzic	Johnson	Reinert	Torres Ray
Champion	Eaton	Kent	Rest	Wiger
Clausen	Goodwin	Latz	Scalze	Wiklund
Cohen	Hawj	Lourey	Schmit	
Dahle	Hayden	Marty	Sheran	

The motion prevailed. So the recommendations and Conference Committee report were adopted.

H.F. No. 846 was read the third time, as amended by the Conference Committee, and placed on its repassage.

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

The roll was called, and there were yeas 35 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Metzen	Pederson, J.	Skoe
Bakk	Hall	Miller	Petersen, B.	Sparks
Benson	Hann	Nelson	Pratt	Stumpf
Chamberlain	Jensen	Newman	Rosen	Thompson
Dahms	Kiffmeyer	Nienow	Ruud	Tomassoni
Eken	Koenen	Ortman	Saxhaug	Weber
Fischbach	Limmer	Osmek	Senjem	Westrom

Those who voted in the negative were:

Bonoff	Dibble	Hayden	Lourey	Schmit
Carlson	Dziedzic	Hoffman	Marty	Sheran
Champion	Eaton	Ingebrigtsen	Pappas	Sieben
Clausen	Franzen	Johnson	Reinert	Torres Ray
Cohen	Goodwin	Kent	Rest	Wiger
Dahle	Hawj	Latz	Scalze	Wiklund

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

### MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 698, and repassed said bill in accordance with the report of the Committee, so adopted.

**S.F. No. 698:** A bill for an act relating to natural resources; appropriating money from environment and natural resources trust fund; modifying provisions for Legislative-Citizen Commission on Minnesota Resources; amending Minnesota Statutes 2014, sections 116P.05, subdivision 2; 116P.08, subdivisions 5, 6, 7; 116P.09, subdivisions 6, 8.

Senate File No. 698 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 18, 2015

### RECESS

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

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

### CALL OF THE SENATE

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Bakk moved that H.F. No. 1437 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 1437 a Special Order to be heard immediately.

**SPECIAL ORDER**

**H.F. No. 1437:** A bill for an act relating to agriculture; establishing a budget for agriculture; appropriating money for agriculture, animal health, avian influenza response activities, and agricultural utilization research; making policy and technical changes to various agricultural related provisions, including provisions related to pesticide control, plant protection, nursery law, seeds, dairy, food handlers, food, farmland, farming, and loans; authorizing the Industrial Hemp Development Act; establishing poultry worker extra unemployment benefits; modifying license exclusions for the direct sale of certain prepared food; establishing the Agriculture Research, Education, Extension, and Technology Transfer Advisory Board; providing incentive payments; requiring studies; requiring reports; providing a vocational training pilot program; establishing the farm opportunity loan program; modifying fees and surcharges; creating accounts; amending Minnesota Statutes 2014, sections 3.737, by adding a subdivision; 13.643, subdivision 1; 18B.01, subdivisions 28, 29; 18B.05, subdivision 1; 18B.32, subdivision 1; 18B.33, subdivision 1; 18B.34, subdivision 1; 18C.425, subdivision 6; 18C.70, subdivision 2; 18G.10, subdivisions 3, 4, 5; 18H.02, subdivision 20, by adding subdivisions; 18H.06, subdivision 2; 18H.07; 18H.17; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18J.11, subdivision 1, by adding a subdivision; 21.89, subdivision 2; 21.891, subdivisions 2, 5; 25.341, subdivision 2; 25.39, subdivisions 1, 1a; 28A.03, by adding a subdivision; 32.075; 32.105; 41B.03, subdivision 6, by adding a subdivision; 41B.04, subdivision 17; 41B.043, subdivision 3; 41B.045, subdivisions 3, 4; 41B.046, subdivision 5; 41B.047, subdivisions 1, 3, 4; 41B.048, subdivision 6; 41B.049, subdivision 4; 41B.055, subdivision 3; 41B.056, subdivision 2; 41B.06; 135A.52, by adding a subdivision; 375.30, subdivision 2; 500.24, subdivision 4; Laws 2014, chapter 312, article 12, section 3; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 41A; 41B; proposing coding for new law as Minnesota Statutes, chapter 18K; repealing Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9, 10; 116V.03.

Senator Tomassoni moved to amend H.F. No. 1437 as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE 1****JOBS APPROPRIATIONS****Section 1. JOBS AND ECONOMIC DEVELOPMENT 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 "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017.

**APPROPRIATIONS**  
**Available for the Year**  
**Ending June 30**  
**2016**                      **2017**

**Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**Subdivision 1. Total Appropriation**                      \$    123,064,000    \$    105,221,000

**Appropriations by Fund**

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>94,458,000</u>	<u>78,007,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>
<u>Workforce Development</u>	<u>27,356,000</u>	<u>26,514,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Business and Community Development**

**Appropriations by Fund**

<u>General</u>	<u>48,694,000</u>	<u>44,286,000</u>
<u>Remediation</u>	<u>700,000</u>	<u>700,000</u>

(a)(1) \$15,000,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner may use up to three percent for administrative expenses and technology upgrades. This appropriation is available until expended.

(2) Of the amount appropriated in fiscal year 2016, up to \$4,000,000 is for a loan to construct a \$10,000,000 aircraft manufacturing facility. Funds available under this clause may be used for purchases of materials and supplies made from July 1, 2015, through June 30, 2016, and which are directly related to the construction of the aircraft manufacturing facility. This loan is not subject to the limitations under Minnesota Statutes, section 116J.8731, subdivision

5. The commissioner shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731, subdivision 7. The amount available under this clause is available until June 30, 2019.

(b) \$12,500,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner may use up to three percent for administrative expenses. This appropriation is available until expended.

(c) \$1,272,000 each year is from the general fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(d) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until expended.

(e) \$1,425,000 each year is from the general fund for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(f) \$4,195,000 each year is from the general fund for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until expended.

(g) \$12,000 each year is from the general fund for a grant to the Upper Minnesota Film Office.

(h) \$325,000 each year is from the general fund for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(i) \$3,500,000 the first year and \$1,500,000 the second year are from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until expended.

(j) \$875,000 each year is from the general fund for the host community economic development program established in Minnesota Statutes, section 116J.548.

(k) \$1,373,000 in fiscal year 2016 is for the workforce housing grants pilot program in Laws 2014, chapter 308, article 6, section 14. This appropriation is onetime and is available until June 30, 2018. The commissioner of employment and economic development may use up to five percent for administrative costs.

(l) \$2,000,000 each year is for the workforce housing grant program in Minnesota Statutes, section 116J.549. Of this amount, up to five percent is for administration and monitoring of the program. The first year appropriation is available until June 30, 2019. The second year appropriation is available until June 30, 2020.

(m) \$139,000 each year is from the general fund for the Center for Rural Policy and Development.

(n) \$400,000 the first year is from the general fund for a grant to develop and implement a southern and southwestern Minnesota initiative foundation collaborative pilot project. Funds available under this paragraph must be used to support and develop entrepreneurs in diverse populations

in southern and southwestern Minnesota.  
This is a onetime appropriation.

(o) \$1,900,000 in fiscal year 2016 and \$1,300,000 in fiscal year 2017 are from the general fund for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(1) Notwithstanding any law to the contrary, of the amount appropriated in fiscal year 2016, \$1,800,000 is for a grant to the city of Cambridge to fund ongoing development and improvement of Trunk Highway 95 within the city of Cambridge, including economic development, land acquisition and enhancements, safety improvements, design, engineering, environmental studies, corridor mappings, right-of-way acquisitions, and associated improvements. Notwithstanding Minnesota Statutes, section 116J.431, subdivision 1, a local match is not required for this project. This is a onetime appropriation and any unspent funds do not lapse.

(2) Notwithstanding any law to the contrary, of the amount appropriated in fiscal year 2016, \$100,000 is for a grant to the city of Taylors Falls for economic development, redevelopment, and job creation programs and projects. This appropriation is available until expended.

(p) \$35,000 the first year is for an economic development grant for the city of Delano to reimburse the Delano Fourth of July Committee, Incorporated for unanticipated tax liabilities related to past city celebrations.

**Subd. 3. Workforce Development**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>2,689,000</u>	<u>2,039,000</u>
<u>Workforce Development</u>	<u>20,067,000</u>	<u>18,667,000</u>

(a) \$1,039,000 each year from the general fund and \$3,104,000 each year from the workforce development fund are for the adult workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the adult workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(b) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561, to provide employment and career advising to youth, including career guidance in secondary schools, to address the youth career advising deficiency, to carry out activities outlined in Minnesota Statutes, section 116L.561, to provide support services, and to provide work experience to youth in the workforce service areas. The funds in this paragraph may be used for expansion of the pilot program combining career and higher education advising in Laws 2013, chapter 85, article 3, section 27. Activities in workforce services areas under this paragraph may serve all youth up to age 24.

(c) \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(d) \$450,000 each year is from the workforce development fund for a grant to Minnesota Diversified Industries, Inc., to provide progressive development and employment opportunities for people with disabilities.

(e) \$3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive

years. Grants shall be awarded in the first year.

(f) \$1,500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs. Of this amount, \$1,000,000 each year is for the Emerging Workforce Coalition.

(g) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth jobs skills development. This project, which may have career guidance components, including health and life skills, is to encourage, train, and assist youth in job-seeking skills, workplace orientation, and job-site knowledge through coaching. This grant requires a 25 percent match from nonstate resources.

(h) \$500,000 the first year and \$500,000 the second year are appropriated from the general fund for the publication, dissemination, and use of labor market information under Minnesota Statutes, section 116J.4011, and for pilot programs in the workforce service areas to combine career and higher education advising.

(i) \$125,000 each year is from the workforce development fund for a grant to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota and Southern Minnesota Big Brothers, Big Sisters chapters.

(j) \$900,000 in fiscal year 2016 and \$1,100,000 in fiscal year 2017 are from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students in their

field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in the seven-county metropolitan area, having fewer than 150 total employees; or at small or medium, for-profit companies located outside of the seven-county metropolitan area, having fewer than 250 total employees. At least 200 students must be matched in the first year and at least 250 students must be matched in the second year. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation among women or other underserved populations.

(k) \$140,000 each year is from the workforce development fund for a grant to the St. Cloud Area Somali Salvation Organization for youth development and crime prevention activities. Grant funds may be used to train and place mentors in elementary and secondary schools; for athletic, social, and other activities to foster leadership development; to provide a safe place for participating youth to gather after school, on weekends, and on holidays; and activities to improve the organizational and job readiness skills of participating youth.

(l) \$150,000 in fiscal year 2016 is for an analysis of various options for the delivery of a family medical leave insurance program and associated costs and benefits. This is a onetime appropriation.

(m) \$200,000 in fiscal year 2016 is from the workforce development fund for the uniform outcome report card requirements under Minnesota Statutes, section 116L.98. This is a onetime appropriation.

(n) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner, in consultation with local workforce investment boards and

local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(o) \$500,000 the first year is for a grant to the Eastside Enterprise Center for economic development and job creation, including loans, business and workforce training, and business assistance. This appropriation shall be divided equally between African Economic Development Solutions, the Asian Economic Development Association, and the Latino Economic Development Center. This is a onetime appropriation.

(p) \$400,000 in fiscal year 2016 is for a grant to YWCA Saint Paul for training and job placement assistance, including commercial driver's license training, through the job placement and retention program. This is a onetime appropriation.

(q) \$800,000 in fiscal year 2016 is from the workforce development fund for the customized training program for manufacturing industries under Minnesota Statutes, section 116L.65. This is a onetime appropriation and is available in either year of the biennium. Of this amount:

(1) \$350,000 is for a grant to Central Lakes College for the purposes of this paragraph;

(2) \$250,000 is for Minnesota West Community and Technical College for the purposes of this paragraph; and

(3) \$200,000 is for South Central College for the purposes of this paragraph.

(r) \$900,000 in fiscal year 2016 and \$900,000 in fiscal year 2017 are from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

(s) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully

integrated with chemical and mental health services.

(t) \$200,000 in fiscal year 2016 and \$200,000 in fiscal year 2017 are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities RISE! to provide training to hard-to-train individuals. This is a onetime appropriation.

(u) \$200,000 in fiscal year 2016 is from the workforce development fund for the foreign-trained health care professionals grant program modeled after the pilot program conducted under Laws 2006, chapter 282, article 11, section 2, subdivision 12, to encourage state licensure of foreign-trained health care professionals, including: physicians, with preference given to primary care physicians who commit to practicing for at least five years after licensure in underserved areas of the state; nurses; dentists; pharmacists; mental health professionals; and other allied health care professionals. The commissioner must collaborate with health-related licensing boards and Minnesota workforce centers to award grants to foreign-trained health care professionals sufficient to cover the actual costs of taking a course to prepare health care professionals for required licensing examinations and the fee for the state licensing examinations. When awarding grants, the commissioner must consider the following factors:

(1) whether the recipient's training involves a medical specialty that is in high demand in one or more communities in the state;

(2) whether the recipient commits to practicing in a designated rural area or an underserved urban community, as defined in Minnesota Statutes, section 144.1501;

(3) whether the recipient's language skills provide an opportunity for needed health care access for underserved Minnesotans; and

(4) any additional criteria established by the commissioner.

This is a onetime appropriation and is available until June 30, 2019.

**Subd. 4. General Support Services**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>2,659,000</u>	<u>2,854,000</u>
<u>Workforce Development</u>	<u>9,000</u>	<u>17,000</u>

\$150,000 each year is from the general fund for the cost-of-living study required under Minnesota Statutes, section 116J.013.

\$1,300,000 in fiscal year 2016 and \$1,300,000 in fiscal year 2017 are for operating the Olmstead Implementation Office. The base appropriation for the office is \$1,269,000 for fiscal year 2018 and \$1,269,000 in fiscal year 2019.

**Subd. 5. Minnesota Trade Office** 2,292,000                      2,292,000

(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota Marketing Initiative in Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the expansion of Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the trade policy advisory group under Minnesota Statutes, section 116J.9661.

**Subd. 6. Vocational Rehabilitation**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>21,361,000</u>	<u>20,361,000</u>
<u>Workforce Development</u>	<u>7,830,000</u>	<u>7,830,000</u>

(a) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$5,745,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) \$1,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(e) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-aged youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

(f) \$1,000,000 in fiscal year 2016 is for a grant to Assistive Technology of Minnesota, a statewide nonprofit organization that is exclusively dedicated to the issues of access to and the acquisition of assistive technology. The purpose of the grant is to acquire assistive technology and to work in tandem with individuals using this technology to create career paths. This is a onetime appropriation.

(g) For purposes of this subdivision, Minnesota Diversified Industries, Inc. is an eligible provider of services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

<u>Subd. 7. <b>Services for the Blind</b></u>	<u>5,925,000</u>	<u>5,925,000</u>
<u>Subd. 8. <b>Broadband Development</b></u>	<u>10,838,000</u>	<u>250,000</u>

(a) \$250,000 each year is for the Broadband Development Office.

(b)(1) \$10,588,000 in fiscal year 2016 is for deposit in the border-to-border broadband fund account created under Minnesota Statutes, section 116J.396, and may be used for the purposes provided in Minnesota Statutes, section 116J.395. This is a onetime appropriation and is available until June 30, 2017.

(2) Of the appropriation in clause (1), up to three percent of this amount is for costs incurred by the commissioner to administer Minnesota Statutes, section 116J.395. Administrative costs may include the following activities related to measuring progress toward the state's broadband goals established in Minnesota Statutes, section 237.012:

(i) collecting broadband deployment data from Minnesota providers, verifying its accuracy through on-the-ground testing, and creating state and county maps available to the public showing the availability of broadband service at various upload and download speeds throughout Minnesota;

(ii) analyzing the deployment data collected to help inform future investments in broadband infrastructure; and

(iii) conducting business and residential surveys that measure broadband adoption and use in the state.

(3) Data provided by a broadband provider under this paragraph is nonpublic data under Minnesota Statutes, section 13.02, subdivision 9. Maps produced under this paragraph are public data under Minnesota Statutes, section 13.03.

(c)(1) Of the amount appropriated under paragraph (b), \$2,000,000 in fiscal year 2016 is for grants to cities for broadband infrastructure and other eligible expenses, as identified in Minnesota Statutes, section 116J.395, subdivision 2, for a wire-line broadband infrastructure demonstration

project that is part of a public-private partnership.

(2) In order to be awarded the broadband infrastructure grant under clause (1), a city must demonstrate:

(i) funding from nonstate sources that matches the amount appropriated in clause (1);

(ii) broadband service outages of 12 hours or more in the area within its jurisdiction;

(iii) a decline in the number of businesses in the area within its jurisdiction, as a result of adequate broadband service; and

(iv) an agreement that the city will own the broadband infrastructure as part of the public-private partnership.

(3) The commissioner of employment and economic development must award the broadband infrastructure grant under clause (1) before September 1, 2015.

**Sec. 3. HOUSING FINANCE AGENCY**

<u>Subdivision 1. <b>Total Appropriation</b></u>	<u>\$</u>	<u>53,048,000</u>	<u>\$</u>	<u>49,048,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

<u>Subd. 2. <b>Challenge Program</b></u>		<u>14,925,000</u>		<u>12,925,000</u>
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(a) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between white households and indigenous American Indians and communities of color. Of this amount, \$1,208,000 each year shall be made

available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of the fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(b)(1) \$2,000,000 the first year is a onetime appropriation and is targeted for housing in communities and regions that have:

- (i) low housing vacancy rates;
- (ii) cooperatively developed a plan that identifies current and future housing needs;
- (iii) evidence of anticipated job expansion; or
- (iv) a significant portion of area employees who commute more than 30 miles between their residence and their employment.

(2) Among comparable housing proposals, preference must be given to proposals that:

- (i) include a meaningful contribution from area employers that reduces the need for deferred loan or grant funds from state resources; or
- (ii) provide housing opportunities for an expanded range of household incomes within a community or that provide housing opportunities for a wide range of incomes within the development.

(c) The base amount for this program in fiscal year 2018 and thereafter is \$12,925,000.

**Subd. 3. Housing Trust Fund**

13,471,000

11,471,000

(a) This appropriation is for deposit in the housing trust fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section. To the extent that these funds are used for the acquisition of housing, the agency shall give priority among comparable projects to projects that focus on creating safe and stable housing for homeless youth

or projects that provide housing to trafficked women and children.

(b) \$2,000,000 the first year is a onetime appropriation for temporary rental assistance for families with school-age children who have changed their school or home at least once in the last school year. The agency, in consultation with the Department of Education, may establish additional targeting criteria.

<b>Subd. 4. <u>Rental Assistance for Mentally Ill</u></b>	<u>2,838,000</u>	<u>2,838,000</u>
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This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

<b>Subd. 5. <u>Family Homeless Prevention</u></b>	<u>8,519,000</u>	<u>8,519,000</u>
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This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

<b>Subd. 6. <u>Home Ownership Assistance Fund</u></b>	<u>885,000</u>	<u>885,000</u>
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This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

<b>Subd. 7. <u>Affordable Rental Investment Fund</u></b>	<u>4,218,000</u>	<u>4,218,000</u>
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(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under

Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this paragraph, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

**Subd. 8. Housing Rehabilitation**

6,515,000

6,515,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year is for the rehabilitation of owner-occupied housing and \$3,743,000 each year is for the rehabilitation of eligible rental housing. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic

development and housing challenge program under Minnesota Statutes, section 462A.33.

**Subd. 9. Homeownership Education, Counseling, and Training**

857,000

857,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

**Subd. 10. Capacity Building Grants**

375,000

375,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, \$250,000 each year is for support of the Homeless Management Information System (HMIS).

**Sec. 4. EXPLORE MINNESOTA TOURISM**

\$

14,118,000

\$

14,248,000

(a) To develop maximum private sector involvement in tourism, \$500,000 in fiscal year 2016 and \$500,000 in fiscal year 2017 must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2016 shall be based on fiscal year 2015 private sector contributions. The incentive in fiscal year 2017 shall be based on fiscal year 2016 private sector contributions. This incentive is ongoing.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.



development fund for prevailing wage enforcement.

Subd. 4. Workplace Safety 4,154,000 4,154,000

This appropriation is from the workers' compensation fund.

Subd. 5. General Support 6,039,000 6,039,000

This appropriation is from the workers' compensation fund.

Sec. 6. BUREAU OF MEDIATION SERVICES \$ 2,183,000 \$ 2,183,000

(a) \$68,000 each year is for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(b) \$125,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

(c) \$256,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91, and \$96,000 each year is for intergovernmental and public policy collaboration and operation of the office.

Sec. 7. WORKERS' COMPENSATION COURT OF APPEALS \$ 1,703,000 \$ 1,703,000

This appropriation is from the workers' compensation fund.

Sec. 8. DEPARTMENT OF COMMERCE

Subdivision 1. Total Appropriation \$ 27,313,000 \$ 27,689,000

Appropriations by Fund

	<u>2016</u>	<u>2017</u>
<u>General</u>	<u>24,270,000</u>	<u>24,646,000</u>
<u>Special Revenue</u>	<u>1,240,000</u>	<u>1,240,000</u>

<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>
<u>Workers' Compensation</u>	<u>751,000</u>	<u>751,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. <b>Financial Institutions</b></u>	<u>4,885,000</u>	<u>4,885,000</u>
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<u>Subd. 3. <b>Petroleum Tank Release Compensation Board</b></u>	<u>1,052,000</u>	<u>1,052,000</u>
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This appropriation is from the petroleum tank fund.

<u>Subd. 4. <b>Administrative Services</b></u>	<u>6,968,000</u>	<u>7,353,000</u>
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\$375,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

\$100,000 each year is for the support of broadband development.

\$162,000 in fiscal year 2016 and \$33,000 in fiscal year 2017 are from the general fund for rulemaking and administration under Minnesota Statutes, section 80A.461.

\$92,000 in fiscal year 2016 is appropriated from the general fund to the commissioner of commerce and is transferred to the department of administration for the purpose of completing the transfer of functions study as follows:

(a) The commissioner of the Department of Administration shall contract with the Management, Analysis, and Development Division of Minnesota Management and Budget for a study to examine potential cost savings and program efficiencies that may result from transferring certain functions and staff of the division of energy resources in the Department of Commerce to the Public Utilities Commission. In conducting the study, the Management, Analysis, and Development Division must:

(1) analyze the functions of the various offices of both the division of energy resources and the commission;

(2) assess any duplicative functions of staff and redundant management positions;

(3) assess whether transferring specific functions and staff would result in a clearer and more functional link between authority and responsibility for accomplishing various activities;

(4) consider whether any such transfers would make governmental decisions regarding energy more transparent to the public;

(5) determine which specific positions, including administrative support, could be eliminated as a result of the transfer without appreciably diminishing the quantity or quality of work produced;

(6) calculate the budgetary savings that could be realized as a result of transferring functions and eliminating redundant positions;

(7) estimate any cost savings that would accrue to regulated utilities as a result of transferring functions;

(8) assess the benefits and costs of various options with respect to transferring functions and staff; and

(9) assume that any transfer is subject to the provisions of Minnesota Statutes, section 15.039.

(b) The study must, by January 1, 2016, be submitted to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and state government operations.

**Subd. 5. Telecommunications**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>
<u>Special Revenue</u>	<u>1,240,000</u>	<u>1,240,000</u>

\$1,240,000 each year is from the telecommunication access fund for the following transfers. This appropriation is added to the department's base.

(1) \$800,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) \$290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability; and

(3) \$150,000 each year is to the Legislative Coordinating Commission for captioning of legislative coverage.

**Subd. 6. Enforcement**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>4,622,000</u>	<u>4,622,000</u>
<u>Workers' Compensation</u>	<u>198,000</u>	<u>198,000</u>

**Subd. 7. Energy Resources** 3,424,000      3,415,000

\$150,000 each year is for grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan as provided for in Minnesota Statutes, section 216C.264.

**Subd. 8. Insurance**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>3,362,000</u>	<u>3,362,000</u>
<u>Workers' Compensation</u>	<u>553,000</u>	<u>553,000</u>

**Sec. 9. PUBLIC UTILITIES COMMISSION**      \$      6,966,000 \$      6,930,000

**ARTICLE 2****DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Section 1. Minnesota Statutes 2014, section 116J.394, is amended to read:

**116J.394 DEFINITIONS.**

(a) For the purposes of sections 116J.394 to 116J.396, the following terms have the meanings given them.

(b) "Broadband" or "broadband service" has the meaning given in section 116J.39, subdivision 1, paragraph (b).

(c) "Broadband infrastructure" means networks of deployed telecommunications equipment and technologies necessary to provide high-speed Internet access and other advanced telecommunications services for end users.

(d) "Commissioner" means the commissioner of employment and economic development.

(e) "Last-mile infrastructure" means broadband infrastructure that serves as the final leg connecting the broadband service provider's network to the end-use customer's on-premises telecommunications equipment.

(f) "Middle-mile infrastructure" means broadband infrastructure that links a broadband service provider's core network infrastructure to last-mile infrastructure.

(g) "Political subdivision" means any county, city, town, school district, special district or other political subdivision, or public corporation.

(h) "Underserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet the state broadband goals of ten to 20 megabits per second download and five to ten megabits per second upload.

(i) "Unserved areas" means areas of Minnesota in which households or businesses lack access to wire-line broadband service at speeds that meet a Federal Communications Commission threshold of four megabits per second download and one megabit per second upload, as defined in section 116J.39.

**Sec. 2. [116J.549] WORKFORCE HOUSING DEVELOPMENT PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of employment and economic development shall establish a workforce housing development program to award grants to eligible project areas to be used for qualified expenditures.

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

(b) "Eligible project area" means a home rule charter or statutory city with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and excludes:

(1) properties constructed with financial assistance requiring the property to be occupied by residents that meet income limits under federal or state law of initial occupancy; and

(2) properties constructed with federal, state, or local flood recovery assistance, regardless of whether that assistance imposed income limits as a condition of receiving assistance.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. **Application.** The commissioner shall develop forms and procedures for soliciting and reviewing application for grants under this section. At a minimum, a city must include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants awarded under this section shall be given to eligible project areas with less than 18,000 people.

Subd. 5. **Allocation.** The amount of a grant may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

Subd. 6. **Report.** Beginning January 15, 2016, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants under this section and the specific purposes for which the grant funds were used.

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

Sec. 3. Minnesota Statutes 2014, section 116J.8738, subdivision 3, is amended to read:

**Subd. 3. Certification of qualified business.** (a) A business may apply to the commissioner for certification as a qualified business under this section. The commissioner shall specify the form of the application, the manner and times for applying, and the information required to be included in the application. The commissioner may impose an application fee in an amount sufficient to defray the commissioner's cost of processing certifications. Application fees are deposited in the greater Minnesota business expansion administration account in the special revenue fund. A business must file a copy of its application with the chief clerical officer of the city at the same time it applies to the commissioner. For an agricultural processing facility located outside the boundaries of a city, the business must file a copy of the application with the county auditor.

(b) The commissioner shall certify each business as a qualified business that:

(1) satisfies the requirements of subdivision 2;

(2) the commissioner determines would not expand its operations in greater Minnesota without the tax incentives available under subdivision 4; and

(3) enters a business subsidy agreement with the commissioner that pledges to satisfy the minimum expansion requirements of paragraph (c) within three years or less following execution of the agreement.

The commissioner must act on an application within 90 days after its filing. Failure by the commissioner to take action within the 90-day period is deemed approval of the application.

(c) The business must increase the number of full-time equivalent employees in greater Minnesota from the time the business subsidy agreement is executed by two employees or ten percent, whichever is greater.

(d) The city, or a county for an agricultural processing facility located outside the boundaries of a city, in which the business proposes to expand its operations may file comments supporting or opposing the application with the commissioner. The comments must be filed within 30 days after receipt by the city of the application and may include a notice of any contribution the city or county intends to make to encourage or support the business expansion, such as the use of tax increment financing, property tax abatement, additional city or county services, or other financial assistance.

(e) Certification of a qualified business is effective for the seven-year period beginning on the first day of the calendar month immediately following the date that the commissioner informs the business of the award of the benefit.

**EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

Sec. 4. Minnesota Statutes 2014, section 116J.8738, is amended by adding a subdivision to read:

**Subd. 6. Funds.** Amounts in the greater Minnesota business expansion administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with processing applications under subdivisions 3, 4, and 5, and for personnel and administrative expenses related to administering the greater Minnesota business expansion program.

**EFFECTIVE DATE.** This section is effective retroactively from August 1, 2014.

Sec. 5. Minnesota Statutes 2014, section 116L.17, subdivision 4, is amended to read:

Subd. 4. **Use of funds.** Funds granted by the board under this section may be used for any combination of the following, except as otherwise provided in this section:

(1) employment transition services such as developing readjustment plans for individuals; outreach and intake; early readjustment; job or career counseling; testing; orientation; assessment of skills and aptitudes; provision of occupational and labor market information; job placement assistance; job search; job development; prelayoff assistance; relocation assistance; programs provided in cooperation with employers or labor organizations to provide early intervention in the event of plant closings or substantial layoffs; and entrepreneurial training and business consulting;

(2) support services, including assistance to help the participant relocate to employ existing skills; out-of-area job search assistance; family care assistance, including child care; commuting assistance; emergency housing and rental assistance; counseling assistance, including personal and financial; health care; emergency health assistance; emergency financial assistance; work-related tools and clothing; and other appropriate support services that enable a person to participate in an employment and training program with the goal of reemployment;

(3) specific, short-term training to help the participant enhance current skills in a similar occupation or industry; entrepreneurial training, customized training, or on-the-job training; basic and remedial education to enhance current skills; and literacy and work-related English training for non-English speakers; ~~and~~

(4) long-term training in a new occupation or industry, including occupational skills training or customized training in an accredited program recognized by one or more relevant industries. Long-term training shall only be provided to dislocated workers whose skills are obsolete and who have no other transferable skills likely to result in employment at a comparable wage rate. Training shall only be provided for occupations or industries with reasonable expectations of job availability based on the service provider's thorough assessment of local labor market information where the individual currently resides or is willing to relocate. This clause shall not restrict training in personal services or other such industries; and

(5) direct training services to provide a measurable increase in the job-related skills of participating incumbent workers, including basic assessment, counseling, and preemployment training services requested by the qualifying employer.

Sec. 6. **[116L.40] DEFINITIONS.**

Subdivision 1. **Scope.** When used in sections 116L.40 to 116L.42, the following terms have the meanings given them unless the context requires otherwise.

Subd. 2. **Agreement.** "Agreement" means the agreement between an employer and the commissioner for a project.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of employment and economic development.

Subd. 4. **Disability.** "Disability" has the meaning given under United States Code, title 42, chapter 126.

Subd. 5. **Employee.** "Employee" means the individual employed in a new job.

Subd. 6. **Employer.** "Employer" means the individual, corporation, partnership, limited liability company, or association providing new jobs and entering into an agreement.

Subd. 7. **New job.** "New job" means a job:

(1) that is provided by a new or expanding business at a location in Minnesota outside of the metropolitan area, as defined in section 473.121, subdivision 2;

(2) that provides at least 32 hours of work per week for a minimum of nine months per year and is permanent with no planned termination date;

(3) that is certified by the commissioner as qualifying under the program before the first employee is hired to fill the job; and

(4) for which an employee hired was not (i) formerly employed by the employer in the state, or (ii) a replacement worker, including a worker newly hired as a result of a labor dispute.

Subd. 8. **Program.** "Program" means the project or projects established under sections 116L.40 to 116L.42.

Subd. 9. **Program costs.** "Program costs" means all necessary and incidental costs of providing program services, except that program costs are increased by \$1,000 per employee for an individual with a disability. The term does not include the cost of purchasing equipment to be owned or used by the training or educational institution or service.

Subd. 10. **Program services.** "Program services" means training and education specifically directed to new jobs that are determined to be appropriate by the commissioner, including in-house training; services provided by institutions of higher education and federal, state, or local agencies; or private training or educational services. Administrative services and assessment and testing costs are included.

Subd. 11. **Project.** "Project" means a training arrangement that is the subject of an agreement entered into between the commissioner and an employer to provide program services.

## Sec. 7. [116L.41] COMMISSIONER'S DUTIES AND POWERS; AGREEMENTS.

Subdivision 1. **Service provision.** Upon request, the commissioner shall provide or coordinate the provision of program services under sections 116L.40 to 116L.42 to a business eligible for grants under section 116L.42. The commissioner shall specify the form of and required information to be provided with applications for projects to be funded with grants under section 116L.42.

Subd. 2. **Agreements; required terms.** (a) The commissioner may enter into an agreement to establish a project with an employer that:

(1) identifies program costs to be paid from sources under the program;

(2) identifies program costs to be paid by the employer;

(3) provides that on-the-job training costs for employees may not exceed 50 percent of the annual gross wages and salaries of the new jobs in the first full year after execution of the agreement up to a maximum of \$10,000 per eligible employee;

(4) provides that each employee must be paid wages at least equal to the median hourly wage for the county in which the job is located, as reported in the most recently available data from the

United States Bureau of the Census, plus benefits, by the earlier of the end of the training period or 18 months of employment under the project; and

(5) provides that job training will be provided and the length of time of training.

(b) Before entering into a final agreement, the commissioner shall:

(1) determine that sufficient funds for the project are available under section 116L.42; and

(2) investigate the applicability of other training programs and determine whether the job skills partnership grant program is a more suitable source of funding for the training and whether the training can be completed in a timely manner that meets the needs of the business.

The investigation under clause (2) must be completed within 15 days or as soon as reasonably possible after the employer has provided the commissioner with all the requested information.

Subd. 3. **Grant funds sufficient.** The commissioner must not enter into an agreement under subdivision 2 unless the commissioner determines that sufficient funds are available.

Subd. 4. **Allocation.** The commissioner shall allocate grant funds under section 116L.42 to project applications based on a first-come, first-served basis, determined on the basis of the commissioner's receipt of a complete application for the project, including the provision of all of the required information. The agreement must specify the amount of grant funds available to the employer for each year covered by the agreement.

Subd. 5. **Application fee.** The commissioner may charge each employer an application fee to cover part or all of the administrative and legal costs incurred, not to exceed \$500 per employer. The fee is deemed approved under section 16A.1283. The fee is deposited in the jobs training account in the special revenue fund and amounts in the account are appropriated to the commissioner for the costs of administering the program. The commissioner shall refund the fee to the employer if the application is denied because program funding is unavailable.

#### **Sec. 8. [116L.42] JOBS TRAINING GRANTS.**

Subdivision 1. **Recovery of program costs.** Amounts paid by employers for program costs are repaid by a job training grant equal to the lesser of the following:

(1) the amount of program costs specified in the agreement for the project; or

(2) the amount of program costs paid by the employer for new employees under a project.

Subd. 2. **Reports.** (a) By February 1, 2018, the commissioner shall report to the governor and the legislature on the program. The report must include at least:

(1) the amount of grants issued under the program;

(2) the number of individuals receiving training under the program, including the number of new hires who are individuals with disabilities;

(3) the number of new hires attributable to the program, including the number of new hires who are individuals with disabilities;

(4) an analysis of the effectiveness of the grant in encouraging employment; and

(5) any other information the commissioner determines appropriate.

(b) The report to the legislature must be distributed as provided in section 3.195.

**Sec. 9. [116L.667] RURAL CAREER COUNSELING COORDINATORS.**

Subdivision 1. **Requirement.** Each workforce service area located outside of the metropolitan area, as defined in section 473.121, subdivision 2, except for a service area that serves a single city outside of the metropolitan area, must have a career counseling coordinator who is responsible for improving coordination and communication of workforce development programs and services within the workforce service area, with other workforce service areas and career counseling coordinators, and with administering agencies. A career counseling coordinator may serve as the coordinator for up to two service areas.

Subd. 2. **Responsibilities.** A career counseling coordinator is responsible for:

(1) understanding the needs of existing, new, and prospective service area businesses in regard to workforce development programs, resources, and other services;

(2) connecting job seekers, secondary and higher education institutions, employers, and other stakeholders and partners;

(3) providing services to job seekers including career counseling, training, and work experience opportunities;

(4) assessing and compiling information about all workforce development programs and services offered in the assigned workforce service area, including adult basic education programs and programs and services at higher education institutions and kindergarten through grade 12 schools;

(5) making recommendations to the commissioner regarding ways to improve career counseling coordination, possible program changes, and new workforce programs or initiatives;

(6) sharing best practices and collaborating with other career counseling coordinators to promote and enable state-level coordination among workforce development programs and administering agencies including, but not limited to, the Departments of Employment and Economic Development, Education, and Labor and Industry, and the Office of Higher Education; and

(7) promoting available workforce development and career counseling programs and resources in the workforce service area.

Subd. 3. **Reporting; consolidation.** The workforce council in each of the workforce service areas having a career counseling coordinator shall submit an annual report to the commissioner that includes, but is not limited to, a narrative of and the number of businesses, job seekers, and other stakeholders served by the career counseling coordinator function, an accounting of workforce development and career counseling programs and services offered in the assigned workforce service area, and any recommendations for changes to workforce development efforts in the workforce service area. Beginning January 15, 2016, and each year thereafter, the commissioner shall consolidate the reports and submit the consolidated report to the legislative committees with jurisdiction over economic development and workforce policy and finance.

Sec. 10. Minnesota Statutes 2014, section 116L.98, subdivision 3, is amended to read:

Subd. 3. **Uniform outcome report card; reporting by commissioner.** (a) By December 31 of each even-numbered year, the commissioner must report to the chairs and ranking minority members

of the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information separately for each of the previous two fiscal or calendar years, for each program subject to the requirements of subdivision 1:

- (1) the total number of participants enrolled;
- (2) the median pre-enrollment wages based on participant wages for the second through the fifth calendar quarters immediately preceding the quarter of enrollment excluding those with zero income;
- (3) the total number of participants with zero income in the second through fifth calendar quarters immediately preceding the quarter of enrollment;
- (4) the total number of participants enrolled in training;
- (5) the total number of participants enrolled in training by occupational group;
- (6) the total number of participants that exited the program and the average enrollment duration of participants that have exited the program during the year;
- (7) the total number of exited participants who completed training;
- (8) the total number of exited participants who attained a credential;
- (9) the total number of participants employed during three consecutive quarters immediately following the quarter of exit, by industry;
- (10) the median wages of participants employed during three consecutive quarters immediately following the quarter of exit;
- (11) the total number of participants employed during eight consecutive quarters immediately following the quarter of exit, by industry; ~~and~~
- (12) the median wages of participants employed during eight consecutive quarters immediately following the quarter of exit;
- (13) the total cost of the program;
- (14) the total cost of the program per participant;
- (15) the cost per credential received by a participant; and
- (16) the administrative cost of the program.

(b) The report to the legislature must contain participant information by education level, race and ethnicity, gender, and geography, and a comparison of exited participants who completed training and those who did not.

(c) The requirements of this section apply to programs administered directly by the commissioner or administered by other organizations under a grant made by the department.

Sec. 11. Minnesota Statutes 2014, section 116L.98, subdivision 5, is amended to read:

Subd. 5. **Information.** (a) The information collected and reported under subdivisions 3 and 4 shall be made available on the department's Web site.

(b) The commissioner must provide analysis of the data required under subdivision 3.

(c) The analysis under paragraph (b) must also include an executive summary of program outcomes, including but not limited to enrollment, training, credentials, pre- and post-program employment and wages, and a comparison of program outcomes by participant characteristics.

(d) The data required in the comparative analysis under paragraph (c) must be presented in both written and graphic format.

Sec. 12. Minnesota Statutes 2014, section 116L.98, subdivision 7, is amended to read:

Subd. 7. **Workforce program net impact analysis.** (a) By January 15, 2015, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance on the results of the net impact pilot project already underway as of the date of enactment of this section.

(b) The commissioner shall contract with an independent entity to conduct an ongoing net impact analysis of the programs included in the net impact pilot project under paragraph (a), career pathways programs, and any other programs deemed appropriate by the commissioner. The net impact methodology used by the independent entity under this paragraph must be based on the methodology and evaluation design used in the net impact pilot project under paragraph (a).

(c) By January 15, 2017, and every four years thereafter, the commissioner must report to the committees of the house of representatives and the senate having jurisdiction over economic development and workforce policy and finance the following information for each program subject to paragraph (b):

(1) the net impact of workforce services on individual employment, earnings, and public benefit usage outcomes; and

(2) a cost-benefit analysis for understanding the monetary impacts of workforce services from the participant and taxpayer points of view.

The report under this paragraph must be made available to the public in an electronic format on the Department of Employment and Economic Development's Web site.

(d) The department is authorized to create and maintain data-sharing agreements with other departments, including corrections, human services, and any other department that are necessary to complete the analysis. The department shall supply the information collected for use by the independent entity conducting net impact analysis pursuant to the data practices requirements under chapters 13, 13A, 13B, and 13C.

Sec. 13. Minnesota Statutes 2014, section 268A.01, subdivision 6, is amended to read:

Subd. 6. **Community rehabilitation facility provider.** "Community rehabilitation facility provider" means an entity which meets the definition of community rehabilitation program in the federal Rehabilitation Act of 1973, as amended. However, for the purposes of sections 268A.03, clause (1), 268A.06, 268A.085, and 268A.15, community rehabilitation facility provider means an a nonprofit or public entity which is operated for the primary purpose of providing or facilitating employment for persons with a severe disability that provides at least one extended employment subprogram for persons with the most significant disabilities.

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

Sec. 14. Minnesota Statutes 2014, section 268A.01, subdivision 10, is amended to read:

Subd. 10. **Extended employment program.** "Extended employment program" means the center-based noncompetitive employment and supported employment subprograms.

Sec. 15. Minnesota Statutes 2014, section 268A.01, is amended by adding a subdivision to read:

Subd. 15. **Noncompetitive employment.** "Noncompetitive employment" means paid work:

(1) that is performed on a full-time or part-time basis, including self-employment, for which the person is compensated at a rate that is less than the higher rate specified in the Fair Labor Standards Act of 1938, United States Code, title 29, section 206, subsection (a)(1), or the rate specified in the applicable state or local minimum wage law; and

(2)(i) for which the person is paid less than the customary rate paid by the employer for the same or similar work performed by other nondisabled employees who are similarly situated in similar occupations by the same employer and who have similar training, experience, and skills; or

(ii) which is performed at a location where the employee does not interact with nondisabled persons, not including supervisory personnel or persons who are providing services to the employee, to the same extent that nondisabled persons who are in comparable positions interact with other persons.

Sec. 16. Minnesota Statutes 2014, section 268A.03, is amended to read:

#### **268A.03 POWERS AND DUTIES.**

The commissioner shall:

(1) certify the community rehabilitation facilities providers to offer extended employment programs, grant funds to the extended employment programs, and perform the duties as specified in section 268A.15;

(2) provide vocational rehabilitation services to persons with disabilities in accordance with the federal Rehabilitation Act of 1973, Public Law 93-112, as amended. Persons with a disability are entitled to free choice of vendor for any medical, dental, prosthetic, or orthotic services provided under this paragraph;

(3) expend funds and provide technical assistance for the establishment, improvement, maintenance, or extension of public and other nonprofit rehabilitation facilities or centers;

(4) maintain a contractual or regulatory relationship with the United States as authorized by the Social Security Act, as amended. Under this relationship, the state will undertake to make determinations referred to in those public laws with respect to all individuals in Minnesota, or with respect to a class or classes of individuals in this state that is designated in the agreement at the state's request. It is the purpose of this relationship to permit the citizens of this state to obtain all benefits available under federal law;

(5) provide an in-service training program for rehabilitation services employees by paying for its direct costs with state and federal funds;

(6) conduct research and demonstration projects; provide training and instruction, including establishment and maintenance of research fellowships and traineeships, along with all necessary

stipends and allowances; disseminate information to persons with a disability and the general public; and provide technical assistance relating to vocational rehabilitation and independent living;

(7) receive and disburse pursuant to law money and gifts available from governmental and private sources including, but not limited to, the federal Department of Education and the Social Security Administration, for the purpose of vocational rehabilitation or independent living;

(8) design all state plans for vocational rehabilitation or independent living services required as a condition to the receipt and disbursement of any money available from the federal government;

(9) cooperate with other public or private agencies or organizations for the purpose of vocational rehabilitation or independent living. Money received from school districts, governmental subdivisions, mental health centers or boards, and private nonprofit organizations is appropriated to the commissioner for conducting joint or cooperative vocational rehabilitation or independent living programs;

(10) enter into contractual arrangements with instrumentalities of federal, state, or local government and with private individuals, organizations, agencies, or facilities with respect to providing vocational rehabilitation or independent living services;

(11) take other actions required by state and federal legislation relating to vocational rehabilitation, independent living, and disability determination programs;

(12) hire staff and arrange services and facilities necessary to perform the duties and powers specified in this section; and

(13) adopt, amend, suspend, or repeal rules necessary to implement or make specific programs that the commissioner by sections 268A.01 to 268A.15 is empowered to administer.

Sec. 17. Minnesota Statutes 2014, section 268A.06, is amended to read:

**268A.06 COMMUNITY REHABILITATION FACILITIES PROVIDERS.**

Subdivision 1. **Application.** Any city, town, county, nonprofit corporation, ~~regional treatment center~~, or any combination thereof, may apply to the commissioner for assistance in establishing or operating a ~~community rehabilitation facility~~ an extended employment program. Application for assistance must be on forms prescribed by the commissioner. ~~An applicant is not eligible for a grant under this section unless its audited financial statements of the prior fiscal year have been approved by the commissioner.~~

Subd. 2. **Funding.** In order to provide the necessary funds for extended employment programs offered by a community rehabilitation facility provider, the governing body of any city, town, or county may expend money which may be available for such purposes in the general fund, and may levy a tax on the taxable property in the city, town, or county. Any city, town, county, or nonprofit corporation may accept gifts or grants from any source for the ~~rehabilitation facility~~ extended employment program. Any money appropriated, taxed, or received as a gift or grant may be used to match funds available on a matching basis.

Sec. 18. Minnesota Statutes 2014, section 268A.07, is amended to read:

**268A.07 REQUIREMENTS FOR CERTIFICATION.**

Subdivision 1. **Benefits.** A community rehabilitation facility provider must, as a condition for receiving program certification, provide employees in ~~center-based noncompetitive~~ employment with personnel benefits prescribed in rules adopted by the commissioner of the ~~Department of~~ employment and economic development.

Subd. 2. **Grievance procedure.** A community rehabilitation facility provider must, as a condition for receiving program certification, provide to employees in ~~center-based noncompetitive~~ employment subprograms, a grievance procedure which has as its final step provisions for final and binding arbitration.

Sec. 19. Minnesota Statutes 2014, section 268A.085, is amended to read:

**268A.085 COMMUNITY REHABILITATION FACILITY PROVIDER GOVERNING BOARDS.**

Subdivision 1. **Appointment; membership.** Every city, town, county, nonprofit corporation, or combination thereof establishing ~~a rehabilitation facility~~ an extended employment program shall appoint a ~~rehabilitation facility governing~~ board of no fewer than seven voting members before becoming eligible for the assistance provided by sections 268A.06 to 268A.15. When any city, town, or county singly establishes ~~such a rehabilitation facility~~ an extended employment program, the governing board shall be appointed by the chief executive officer of the city or the chair of the governing board of the county or town. When any combination of cities, towns, counties, or nonprofit corporations establishes ~~a rehabilitation facility~~ an extended employment program, the chief executive officers of the cities, nonprofit corporations, and the chairs of the governing bodies of the counties or towns shall appoint the board. If a nonprofit corporation singly establishes a ~~rehabilitation facility~~ an extended employment program, the corporation shall appoint the board of directors. Membership on a board shall be representative of the community served and shall include a person with a disability. If a county establishes an extended employment program and manages the program with county employees, the governing board shall be the county board of commissioners, and other provisions of this chapter pertaining to membership on the governing board do not apply.

Subd. 2. **Duties.** Subject to the provisions of sections 268A.06 to 268A.15 and the rules of the department, each ~~rehabilitation facility governing~~ board shall:

(1) review and evaluate the need for extended employment programs ~~offered by the rehabilitation facility~~ provided under sections 268A.06 to 268A.15;

(2) recruit and promote local financial support for extended employment programs from private sources including: the United Way; business, industrial, and private foundations; voluntary agencies; and other lawful sources, and promote public support for municipal and county appropriations;

(3) promote, arrange, and implement working agreements with other educational and social service agencies, both public and private, and any other allied agencies; and

(4) when an extended employment program ~~offered by the rehabilitation facility~~ is certified, act as ~~the its~~ its administrator of the ~~rehabilitation facility and its programs~~ for purposes of this chapter.

Sec. 20. Laws 2014, chapter 308, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. **Allocation.** The amount of a grant may not exceed the lesser of ~~\$400,000~~ \$1,000,000 or ~~ten~~ 25 percent of the rental housing development project cost. The commissioner shall not award a grant to a city without certification by the city that the amount of the grant shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant funds.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies retroactively to grants that have been previously received or awarded.

**Sec. 21. MECHANISMS AND COSTS; MINNESOTA PAID FAMILY AND MEDICAL LEAVE PROGRAM.**

The Department of Employment and Economic Development, in collaboration with the Departments of Labor and Industry and Health and Human Services, shall report on the most efficient and effective mechanisms that would provide partial wage replacement for workers taking parental, family, or medical leave.

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

### ARTICLE 3

#### DEPARTMENT OF COMMERCE

Section 1. Minnesota Statutes 2014, section 12A.15, subdivision 1, is amended to read:

Subdivision 1. **State cost-share for federal assistance.** State appropriations may be used to pay 100 percent of the nonfederal share for state agencies ~~and~~, local governments, and utility cooperatives under section 12.221. An appropriation from the bond proceeds fund may be used as cost-share for federal disaster assistance for publicly owned capital improvement projects.

Sec. 2. Minnesota Statutes 2014, section 45.0135, is amended by adding a subdivision to read:

Subd. 9. **Administrative penalty for insurance fraud.** (a) The commissioner may:

(1) impose an administrative penalty against any person in an amount as set forth in paragraph (b) for each intentional act of insurance fraud committed by that person; and

(2) order restitution to any person suffering loss as a result of the insurance fraud.

(b) The administrative penalty for each violation described in paragraph (a) may be no more than:

(1) \$20,000 if the funds or the value of the property or services wrongfully obtained exceeds \$5,000;

(2) \$10,000 if the funds or value of the property or services wrongfully obtained exceeds \$1,000, but not more than \$5,000;

(3) \$3,000 if the funds or value of the property or services wrongfully obtained is more than \$500, but not more than \$1,000; and

(4) \$1,000 if the funds or value of the property or services wrongfully obtained is \$500 or less.

(c) If an administrative penalty is not paid after all rights of appeal have been waived or exhausted, the commissioner may bring a civil action in a court of competent jurisdiction to collect

the administrative penalty, including expenses and litigation costs, reasonable attorney fees, and interest.

(d) This section does not affect a person's right to seek recovery, including expenses and litigation costs, reasonable attorney fees, and interest, against any person that commits insurance fraud.

(e) For purposes of this subdivision, "insurance fraud" has the meaning given in section 60A.951, subdivision 4.

(f) Hearings under this subdivision must be conducted in accordance with chapter 14 and any other applicable law.

(g) All revenues from penalties, expenses, costs, fees, and interest collected under paragraphs (a) to (c) shall be deposited in the insurance fraud prevention account under section 45.0135, subdivision 6.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies with respect to acts committed on or after that date.

Sec. 3. **[59D.01] APPLICATION.**

(a) This chapter does not apply to:

(1) a policy of insurance offered in compliance with chapters 60A to 79A;

(2) a debt cancellation or debt suspension contract, including a guaranteed asset protection waiver, being offered by a banking institution or credit union in compliance with chapter 48 or 52; and

(3) a debt cancellation or debt suspension contract being offered in compliance with Code of Federal Regulations, title 12, parts 37, 721, or other federal law.

(b) Guaranteed asset protection waivers regulated under this chapter are not insurance and are not subject to chapters 60A to 79A. Persons selling, soliciting, or negotiating guaranteed asset protection waivers to borrowers in compliance with this chapter are exempt from chapter 60K.

(c) The commissioner of commerce has the full investigatory authority of chapter 45 to enforce the terms of this chapter.

Sec. 4. **[59D.02] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the terms defined in subdivisions 2 to 10 have the meanings given them.

Subd. 2. **Administrator.** "Administrator" means a person, other than an insurer or creditor who performs administrative or operational functions pursuant to guaranteed asset protection waiver programs.

Subd. 3. **Borrower.** "Borrower" means a debtor, retail buyer, or lessee under a finance agreement.

Subd. 4. **Creditor.** "Creditor" means:

(1) the lender in a loan or credit transaction;

(2) the lessor in a lease transaction;

(3) a dealer or seller of motor vehicles that provides credit to purchasers of the motor vehicles provided that the entities comply with this section;

(4) the seller in commercial retail installment transactions; or

(5) the assignees of any of the forgoing to whom the credit obligation is payable.

Subd. 5. **Finance agreement.** "Finance agreement" means a loan, lease, or retail installment sales contract for the purchase or lease of a motor vehicle.

Subd. 6. **Free look period.** "Free look period" means the period of time from the effective date of the GAP waiver until the date the borrower may cancel the contract without penalty, fees, or costs to the borrower. This period of time must not be shorter than 30 days.

Subd. 7. **Guaranteed asset protection waiver.** "Guaranteed asset protection waiver" or "GAP waiver" means a contractual agreement wherein a creditor agrees for a separate charge to cancel or waive all or part of amounts due on a borrower's finance agreement in the event of a total physical damage loss or unrecovered theft of the motor vehicle.

Subd. 8. **Insurer.** "Insurer" means an insurance company licensed, registered, or otherwise authorized to do business under Minnesota law.

Subd. 9. **Motor vehicle.** "Motor vehicle" means self-propelled or towed vehicles designed for personal or commercial use, including, but not limited to, automobiles; trucks; motorcycles; recreational vehicles; all-terrain vehicles; snowmobiles; campers; boats; personal watercraft; and motorcycle, boat, camper, and personal watercraft trailers. A creditor is prohibited from selling a GAP waiver in conjunction with the sale or lease of any used motor vehicle that is an automobile or truck that is valued at less than \$5,000.

Subd. 10. **Person.** "Person" includes an individual, company, association, organization, partnership, business trust, corporation, and every form of legal entity.

#### Sec. 5. **[59D.03] COMMERCIAL TRANSACTIONS EXEMPTED.**

Sections 59D.04, subdivision 3, and 59D.06 do not apply to a guaranteed asset protection waiver offered in connection with a lease or retail installment sale associated with any transaction not for personal, family, or household purposes.

#### Sec. 6. **[59D.04] GUARANTEED ASSET PROTECTION WAIVER REQUIREMENTS.**

Subdivision 1. **Authorization.** GAP waivers may be offered, sold, or provided to borrowers in Minnesota in compliance with this chapter.

Subd. 2. **Payment options.** GAP waivers may, at the option of the creditor, be sold for a single payment or may be offered with a monthly or periodic payment option.

Subd. 3. **Certain costs not considered finance charge or interest.** Notwithstanding any other provision of law, any cost to the borrower for a guaranteed asset protection waiver entered into in compliance with United States Code, title 15, sections 1601 to 1667F, and its implementing regulations under Code of Federal Regulations, title 12, part 226, as they may be amended from time to time, must be separately stated and is not to be considered a finance charge or interest.

Subd. 4. **Insurance.** A retail seller must insure its GAP waiver obligations under a contractual liability or other insurance policy issued by an insurer. A creditor, other than a retail seller, may

insure its GAP waiver obligations under a contractual liability policy or other such policy issued by an insurer. The insurance policy may be directly obtained by a creditor or retail seller, or may be procured by an administrator to cover a creditor's or retail seller's obligations. Retail sellers that are lessors on motor vehicles are not required to insure obligations related to GAP waivers on leased vehicles.

Subd. 5. **Financing agreement.** The GAP waiver must be part of, or a separate addendum to, the finance agreement and must remain a part of the finance agreement upon the assignment, sale, or transfer of the finance agreement by the creditor.

Subd. 6. **Purchase restriction.** The extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease must not be conditioned upon the purchase of a GAP waiver.

Subd. 7. **Reporting.** A creditor that offers a GAP waiver must report the sale of, and forward funds received on, all such waivers to the designated party, if any, as prescribed in any applicable administrative services agreement, contractual liability policy, other insurance policy, or other specified program documents.

Subd. 8. **Fiduciary responsibilities.** Funds received or held by a creditor or administrator and belonging to an insurer, creditor, or administrator, pursuant to the terms of a written agreement, must be held by the creditor or administrator in a fiduciary capacity.

Subd. 9. **Defined terms.** The terms defined in section 59D.02 are not intended to provide actual terms that are required in guaranteed asset protection waivers.

#### Sec. 7. **[59D.05] CONTRACTUAL LIABILITY OR OTHER INSURANCE POLICIES.**

Subdivision 1. **Reimbursement or payment statement.** Contractual liability or other insurance policies insuring GAP waivers must state the obligation of the insurer to reimburse or pay to the creditor any sums the creditor is legally obligated to waive under the GAP waivers issued by the creditor and purchased or held by the borrower.

Subd. 2. **Coverage of assignee.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must also cover a subsequent assignee upon the assignment, sale, or transfer of the finance agreement.

Subd. 3. **Term.** Coverage under a contractual liability or other insurance policy insuring a GAP waiver must remain in effect unless canceled or terminated in compliance with applicable laws.

Subd. 4. **Effect of cancellation or termination.** The cancellation or termination of a contractual liability or other insurance policy must not reduce the insurer's responsibility for GAP waivers issued by the creditor before the date of cancellation or termination and for which a premium has been received by the insurer.

#### Sec. 8. **[59D.06] DISCLOSURES.**

(a) Guaranteed asset protection waivers must disclose, as applicable, in writing and in clear, understandable language that is easy to read, the following:

(1) the name and address of the initial creditor and the borrower at the time of sale, and the identity of any administrator if different from the creditor;

(2) the purchase price and the terms of the GAP waiver, including without limitation, the requirements for protection, conditions, or exclusions associated with the GAP waiver;

(3) that the borrower may cancel the GAP waiver within a free look period as specified in the waiver, and will be entitled to a full refund of the purchase price, so long as no benefits have been provided;

(4) the procedure the borrower must follow, if any, to obtain GAP waiver benefits under the terms and conditions of the waiver, including a telephone number and address where the borrower may apply for waiver benefits;

(5) whether or not the GAP waiver is cancelable after the free look period and the conditions under which it may be canceled or terminated including the procedures for requesting a refund due;

(6) that in order to receive a refund due in the event of a borrower's cancellation of the GAP waiver agreement or early termination of the finance agreement after the free look period of the GAP waiver, the borrower, in accordance with the terms of the waiver, must provide a written cancellation request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement;

(7) the methodology for calculating a refund of the unearned purchase price of the GAP waiver due in the event of cancellation of the GAP waiver or early termination of the finance agreement;

(8) that the extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease are not conditioned upon the purchase of the GAP waiver; and

(9) that the extension of credit, the terms of the credit, or the terms and conditions of the related motor vehicle sale or lease are not conditioned upon the purchase of the GAP waiver.

(b) The creditor or any person offering a GAP waiver must provide the following verbatim disclosure orally and in bold, 14-point type, either in a separate writing or as part of the agreement: "THE GAP WAIVER IS OPTIONAL. YOU DO NOT HAVE TO PURCHASE THIS PRODUCT IN ORDER TO BUY [OR LEASE] THIS MOTOR VEHICLE. YOU ALSO HAVE A LIMITED RIGHT TO CANCEL."

**Sec. 9. [59D.07] CANCELLATION; REFUNDS.**

Subdivision 1. **Refund requirements during free look period.** A GAP waiver must provide that, if a borrower cancels a waiver within the free look period, the borrower will be entitled to a full refund of the purchase price, so long as no benefits have been provided.

Subd. 2. **Refund requirements after free-look period.** (a) Guaranteed asset protection waivers may be cancelable or noncancelable after the free-look period.

(b) In the event of a borrower's cancellation of the GAP waiver or early termination of the finance agreement, after the agreement has been in effect beyond the free-look period, the borrower may be entitled to a refund of any unearned portion of the purchase price of the waiver unless the waiver provides otherwise. In order to receive a refund, the borrower, in accordance with any applicable terms of the waiver, must provide a written request to the creditor, administrator, or other party. If such a request is being made because of the termination of the finance agreement, notice must be

provided to the creditor, administrator, or other party within 90 days of the occurrence of the event terminating the finance agreement.

(c) If the cancellation of a GAP waiver occurs as a result of a default under the finance agreement or the repossession of the motor vehicle associated with the finance agreement, or any other termination of the finance agreement, any refund due may be paid directly to the creditor or administrator and applied as set forth in subdivision 3.

Subd. 3. **How applied.** A refund under subdivision 1 or 2 may be applied by the creditor as a reduction of the amount owed under the finance agreement, unless the borrower can show that the finance agreement has been paid in full.

Sec. 10. Minnesota Statutes 2014, section 60D.215, subdivision 2, is amended to read:

Subd. 2. **Expenses.** Each registered insurer subject to this section is liable for and shall pay the reasonable expenses of the commissioner's participation in a supervisory college in accordance with subdivision 3, including reasonable travel expenses. For purposes of this section, a supervisory college may be convened as either a temporary or permanent forum for communication and cooperation between the regulators charged with the supervision of the insurer or its affiliates, and the commissioner may establish a regular assessment to the insurer for the payment of these expenses. A registered insurer's liability for expenses under this subdivision is limited to the actual, incurred costs of the commissioner's participation in their supervisory college.

Sec. 11. Minnesota Statutes 2014, section 65B.44, is amended by adding a subdivision to read:

Subd. 2a. **Person convicted of insurance fraud.** (a) A person convicted of insurance fraud under section 609.611 in a case related to this chapter or of employment of runners under section 609.612 may not enforce a contract for payment of services eligible for reimbursement under subdivision 2, against an insured or reparation obligor.

(b) After a period of five years from the date of conviction, a person described in paragraph (a) may apply to district court to extinguish the collateral sanction set forth in paragraph (a), which the court may grant in its reasonable discretion.

**EFFECTIVE DATE.** This section is effective the day following final enactment, and applies with respect to acts committed on or after that date.

Sec. 12. **[80A.461] MNVEST REGISTRATION EXEMPTION.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the terms defined in paragraphs (b) through (e) have the meanings given them.

(b) "MNvest issuer" means an entity organized under the laws of Minnesota, other than a general partnership, that satisfies the requirements of Code of Federal Regulations, title 17, part 230.147, and the following requirements:

(1) the principal office of the entity is located in Minnesota;

(2) as of the last day of the most recent semiannual fiscal period of the entity, at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's assets were located in Minnesota;

(3) except in the case of an entity whose gross revenue during the most recent period of 12 full months did not exceed \$5,000, the entity derived at least 80 percent, or other threshold permitted by Code of Federal Regulations, title 17, part 230.147, of the entity's gross revenues from the operation of a business in Minnesota during (i) the previous fiscal year, if the MNvest offering begins during the first six months of the entity's fiscal year; or (ii) during the 12 months ending on the last day of the sixth month of the entity's current fiscal year, if the MNvest offering begins following the last day;

(4) the entity does not attempt to limit its liability, or the liability of any other person, for fraud or intentional misrepresentation in connection with the offering of its securities in a MNvest offering; and

(5) the entity is not:

(i) engaged in the business of investing, reinvesting, owning, holding, or trading in securities, except that the entity may hold securities of one class in an entity that is not itself engaged in the business of investing, reinvesting, owning, holding, or trading in securities; or

(ii) subject to the reporting requirements of the Securities and Exchange Act of 1934, section 13 or 15(d), United States Code, title 15, sections 78m and 78o(d).

(c) "MNvest offering" means an offer, or an offer and sale, of securities by a MNvest issuer that: (1) is conducted exclusively through a MNvest portal, and (2) satisfies the requirements of this section and other requirements the administrator imposes by rule.

(d) "MNvest portal" means an Internet Web site that is operated by a portal operator for the offer or sale of MNvest offerings under this section or registered securities under section 80A.50, paragraph (b), and satisfies the requirements of subdivision 6.

(e) "Portal operator" means an entity, including an issuer, that:

(1) is authorized to do business in Minnesota;

(2) is a broker-dealer registered under this chapter or otherwise registers with the administrator as a portal operator in accordance with subdivision 7, paragraph (a), and is therefore excluded from broker-dealer registration; and

(3) satisfies such other conditions as the administrator may determine.

Subd. 2. **Generally.** The offer, sale, and issuance of securities in a MNvest offering is exempt from the requirements of sections 80A.49 to 80A.54, except 80A.50, paragraph (a), clause (3), and 80A.71, if the issuer meets the qualifications under this section.

Subd. 3. **MNvest offering.** A MNvest offering must satisfy the following requirements:

(1) the issuer must be a MNvest issuer on the date that its securities are first offered for sale in the offering and continuously through the closing of the offering;

(2) the offering must meet the requirements of the federal exemption for intrastate offerings in section 3(a)(11) of the Securities Act of 1933, United States Code, title 15, section 77c(a)(11), and Rule 147 adopted under the Securities Act of 1933, Code of Federal Regulations, title 17, part 230.147;

(3) the sale of securities must be conducted exclusively through a MNvest portal;

(4) the MNvest issuer shall require the portal operator to provide or make available to prospective purchasers through the MNvest portal a copy of the MNvest issuer's balance sheet and income statement for the MNvest issuer's most recent fiscal year, if the issuer was in existence. For offerings beginning more than 90 days after the issuer's most recent fiscal year end, or if the MNvest issuer was not in existence the previous calendar year, the MNvest issuer must provide or make available a balance sheet as of a date not more than 90 days before the commencement of the MNvest offering for the MNvest issuer's most recently completed fiscal year, or such shorter portion the MNvest issuer was in existence during that period, and the year-to-date period, or inception-to-date period, if shorter, corresponding with the more recent balance sheet required by this clause;

(5) in any 12-month period, the MNvest issuer shall not raise more than the aggregate amounts set forth in item (i) or (ii), either in cash or other consideration, in connection with one or more MNvest offerings:

(i) \$2,000,000 if the financial statements described in clause (4) have been (A) audited by a certified public accountant firm licensed under chapter 326A using auditing standards issued by either the American Institute of Certified Public Accountants or the Public Company Oversight Board, or (B) reviewed by a certified public accountant firm licensed under chapter 326A using the Statements on Standards for Accounting and Review Services issued by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants; or

(ii) \$1,000,000 if the financial statements described in clause (4) have not been audited or reviewed as described in item (i);

(6) the MNvest issuer must use at least 80 percent of the net proceeds of the offering in connection with the operation of its business within Minnesota;

(7) no single purchaser may purchase more than \$10,000 in securities of the MNvest issuer under this exemption in connection with a single MNvest offering unless the purchaser is an accredited investor;

(8) all payments for the purchase of securities must be held in escrow until the aggregate capital deposited into escrow from all purchasers is equal to or greater than the stated minimum offering amount. Purchasers will receive a return of all their subscription funds if the minimum offering amount is not raised by the stipulated expiration date required in subdivision 4, clause (2). The escrow agent must be a bank, regulated trust company, savings bank, savings association, or credit union authorized to do business in Minnesota. Prior to the execution of the escrow agreement between the issuer and the escrow agent, the escrow agent must conduct searches of the issuer, its executive officers, directors, governors, and managers, as provided to the escrow agent by the portal operator, against the Specially Designated Nationals list maintained by the Office of Foreign Assets Control. The escrow agent is only responsible to act at the direction of the party establishing the escrow account and does not have a duty or liability, contractual or otherwise, to an investor or other person except as set forth in the applicable escrow agreement or other contract;

(9) the MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a disclosure document that meets the requirements set forth in subdivision 4;

(10) before selling securities to a prospective purchaser on a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser the certification required under subdivision 5;

(11) not less than ten days before the beginning of an offering of securities in reliance on the exemption under this section, the MNvest issuer shall provide the following to the administrator:

(i) a notice of claim of exemption from registration, specifying that the MNvest issuer will be conducting an offering in reliance on the exemption under this section;

(ii) a copy of the disclosure document to be provided to prospective purchasers in connection with the offering, as described in subdivision 4; and

(iii) a filing fee of \$300; and

(12) the MNvest issuer and the portal operator may engage in solicitation and advertising of the MNvest offering provided that:

(i) the advertisement contains disclaiming language which clearly states:

(A) the advertisement is not the offer and is for informational purposes only;

(B) the offering is being made in reliance on the exemption under this section;

(C) the offering is directed only to residents of the state;

(D) all offers and sales are made through a MNvest portal; and

(E) the Department of Commerce is the securities regulator in Minnesota;

(ii) along with the disclosures required under item (i), the advertisement may contain no more than the following information:

(A) the name and contact information of the MNvest issuer;

(B) a brief description of the general type of business of the MNvest issuer;

(C) the minimum offering amount the MNvest issuer is attempting to raise through its offering;

(D) a description of how the issuer will use the funds raised through the MNvest offering;

(E) the duration that the MNvest offering will remain open;

(F) the MNvest issuer's logo; and

(G) a link to the MNvest issuer's Web site and the MNvest portal in which the MNvest offering is being made;

(iii) the advertisement complies with all applicable state and federal laws.

**Subd. 4. Required disclosures to prospective MNvest offering purchasers.** The MNvest issuer shall require the portal operator to make available to the prospective purchaser through the MNvest portal a printable or downloadable disclosure document containing the following:

(1) the MNvest issuer's type of entity, the address and telephone number of its principal office, its formation history for the previous five years, a summary of the material facts of its business plan and its capital structure, and its intended use of the offering proceeds, including any amounts to be paid from the proceeds of the MNvest offering, as compensation or otherwise, to an owner, executive officer, director, governor, manager, member, or other person occupying a similar status or performing similar functions on behalf of the MNvest issuer;

(2) the MNvest offering must stipulate the date on which the offering will expire, which must not be longer than 12 months from the date the MNvest offering commenced;

(3) a copy of the escrow agreement between the escrow agent, the MNvest issuer, and, if applicable, the portal operator, as described in subdivision 3, clause (8);

(4) the financial statements required under subdivision 3, clause (4);

(5) the identity of all persons owning more than ten percent of any class of equity interests in the company;

(6) the identity of the executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on the behalf of the MNvest issuer, including their titles and their relevant experience;

(7) the terms and conditions of the securities being offered, a description of investor exit strategies, and of any outstanding securities of the MNvest issuer; the minimum and maximum amount of securities being offered; either the percentage economic ownership of the MNvest issuer represented by the offered securities, assuming the minimum and, if applicable, maximum number of securities being offered is sold, or the valuation of the MNvest issuer implied by the price of the offered securities; the price per share, unit, or interest of the securities being offered; any restrictions on transfer of the securities being offered; and a disclosure that any future issuance of securities might dilute the value of securities being offered;

(8) the identity of and consideration payable to a person who has been or will be retained by the MNvest issuer to assist the MNvest issuer in conducting the offering and sale of the securities, including a portal operator, but excluding (i) persons acting primarily as accountants or attorneys, and (ii) employees whose primary job responsibilities involve operating the business of the MNvest issuer rather than assisting the MNvest issuer in raising capital;

(9) a description of any pending material litigation, legal proceedings, or regulatory action involving the MNvest issuer or any executive officers, directors, governors, managers, members, and other persons occupying a similar status or performing similar functions in the name of and on behalf of the MNvest issuer;

(10) a statement of the material risks unique to the MNvest issuer and its business plans;

(11) a statement that the securities have not been registered under federal or state securities law and that the securities are subject to limitations on resale; and

(12) the following legend must be displayed conspicuously in the disclosure document:

"IN MAKING AN INVESTMENT DECISION, PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR DIVISION OR OTHER REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED BY SUBSECTION (e) OF

SEC RULE 147 (CODE OF FEDERAL REGULATIONS, TITLE 17, PART 230.147 (e)) AS PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. PURCHASERS SHOULD BE AWARE THAT THEY WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME."

Subd. 5. **Required certification from MNvest offering purchasers.** Before selling securities to a prospective purchaser through a MNvest portal, the MNvest issuer shall require the portal operator to obtain from the prospective purchaser through the applicable MNvest portal a written or electronic certification that includes, at a minimum, the following statements:

"I UNDERSTAND AND ACKNOWLEDGE THAT:

If I make an investment in an offering through this MNvest portal, it is very likely that I am investing in a high-risk, speculative business venture that could result in the complete loss of my investment, and I need to be able to afford such a loss.

This offering has not been reviewed or approved by any state or federal securities commission or division or other regulatory authority and that no such person or authority has confirmed the accuracy or determined the adequacy of any disclosure made to me relating to this offering.

If I make an investment in an offering through this MNvest portal, it is very likely that the investment will be difficult to transfer or sell and, accordingly, I may be required to hold the investment indefinitely.

By entering into this transaction with the company, I am affirmatively representing myself as being a Minnesota resident at the time that this contract is formed, and if this representation is subsequently shown to be false, the contract is void."

Subd. 6. **MNvest portal.** A MNvest portal must satisfy the requirements of clauses (1) through (4):

(1) the Web site does not contain the word "MNvest" in its URL address;

(2) the Web site implements steps to limit Web site access to the offer or sale of securities to only Minnesota residents when conducting MNvest offerings; and

(3) MNvest offerings may not be viewed on the MNvest portal by a prospective purchaser until:

(i) the portal operator verifies, through its exercise of reasonable steps, such as using a third-party verification service or as otherwise approved by the administrator, that the prospective purchaser is a Minnesota resident; and

(ii) the prospective purchaser makes an affirmative acknowledgment, electronically through the MNvest portal, that:

(A) I am a Minnesota resident;

(B) the securities and investment opportunities listed on this Web site involve high-risk, speculative business ventures. If I choose to invest in any securities or investment opportunity listed on this Web site, I may lose all of my investment, and I can afford such a loss;

(C) the securities and investment opportunities listed on this Web site have not been reviewed or approved by any state or federal securities commission or division or other regulatory authority, and no such person or authority, including this Web site, has confirmed the accuracy or determined the adequacy of any disclosure made to prospective investors relating to any offering; and

(D) if I choose to invest in any securities or investment opportunity listed on this Web site, I understand that the securities I will acquire may be difficult to transfer or sell, that there is no ready market for the sale of such securities, that it may be difficult or impossible for me to sell or otherwise dispose of this investment at any price, and that, accordingly, I may be required to hold this investment indefinitely; and

(4) the Web site complies with all other rules adopted by the administrator.

Subd. 7. **Portal operator.** (a) An entity, other than a registered broker-dealer, wishing to become a portal operator shall file with the administrator:

(1) form ..... [to be approved by the administrator], including all applicable schedules and supplemental information;

(2) a copy of the articles of incorporation or other documents that indicate the entity's form of organization; and

(3) a filing fee of \$200.

(b) A portal operator's registration expires 12 months from the date the administrator has approved the entity as a portal operator, and subsequent registration for the succeeding 12-month period shall be issued upon written application and upon payment of a renewal fee of \$200, without filing of further statements or furnishing any further information, unless specifically requested by the administrator. This section is not applicable to a registered broker-dealer functioning as a portal operator.

(c) A portal operator that is not a broker-dealer registered under this chapter shall not:

(1) offer investment advice or recommendations, provided that a portal operator shall not be deemed to be offering investment advice or recommendations merely because it (i) selects, or may perform due diligence with respect to, issuers or offerings to be listed, or (ii) provides general investor educational materials;

(2) provide transaction-based compensation for securities sold under this chapter to employees, agents, or other persons unless the employees, agents, or other persons are registered with the administrator and permitted to receive such compensation;

(3) charge a fee to the issuer for an offering of securities on a MNvest portal unless the fee is (i) a fixed amount for each offering, (ii) a variable amount based on the length of time that the securities are offered on the MNvest portal, or (iii) a combination of such fixed and variable amounts; or

(4) hold, manage, possess, or otherwise handle purchaser funds or securities. This restriction does not apply if the issuer is the portal operator.

(d) A portal operator shall provide the administrator with read-only access to administrative sections of the MNvest portal.

(e) A portal operator shall comply with the record-keeping requirements of this paragraph, provided that the failure of a portal operator that is not an issuer to maintain records in compliance with this paragraph shall not affect the MNvest issuer's exemption from registration afforded by this section:

(1) a portal operator shall maintain and preserve, for a period of five years from either the date of the closing or termination of the securities offering, the following records:

(i) the name of each issuer whose securities have been listed on its MNvest portal;

(ii) the full name, residential address, Social Security number, date of birth, and copy of a state-issued identification for all owners with greater than ten percent voting equity in an issuer;

(iii) copies of all offering materials that have been displayed on its MNvest portal;

(iv) the names and other personal information of each purchaser who has registered at its MNvest portal;

(v) any agreements and contracts between the portal operator and the issuer; and

(vi) any information used to establish that a MNvest issuer, prospective MNvest purchaser, or MNvest purchaser is a Minnesota resident;

(2) a portal operator shall, upon written request of the administrator, furnish to the administrator any records required to be maintained and preserved under this subdivision;

(3) the records required to be kept and preserved under this subdivision must be maintained in a manner, including by any electronic storage media, that will permit the immediate location of any particular document so long as such records are available for immediate and complete access by representatives of the administrator. Any electronic storage system must preserve the records exclusively in a nonrewriteable, nonerasable format; verify automatically the quality and accuracy of the storage media recording process; serialize the original and, if applicable, duplicate units storage media, and time-date for the required period of retention the information placed on such electronic storage media; and be able to download indexes and records preserved on electronic storage media to an acceptable medium. In the event that a records retention system commingles records required to be kept under this subdivision with records not required to be kept, representatives of the administrator may review all commingled records; and

(4) a portal operator shall maintain such other records as the administrator shall determine by rule.

**Subd. 8. Portal operator; privacy of purchaser information.** (a) For purposes of this subdivision, "personal information" means information provided to a portal operator by a prospective purchaser or purchaser that identifies, or can be used to identify, the prospective purchaser or purchaser.

(b) Except as provided in paragraph (c), a portal operator must not disclose personal information without written or electronic consent from the prospective purchaser or purchaser that authorizes the disclosure.

(c) Paragraph (b) does not apply to:

(1) records required to be provided to the administrator under subdivision 7, paragraph (e);

- (2) the disclosure of personal information to a MNvest issuer relating to its MNvest offering; or
- (3) the disclosure of personal information to the extent required or authorized under other law.

**Subd. 9. Bad actor disqualification.** (a) An exemption under this section is not available for a sale if securities in the MNvest issuer; any predecessor of the MNvest issuer; any affiliated issuer; any director, executive officer, other officer participating in the MNvest offering, general partner, or managing member of the MNvest issuer; any beneficial owner of 20 percent or more of the MNvest issuer's outstanding voting equity securities, calculated on the basis of voting power; any promoter connected with the MNvest issuer in any capacity at the time of the sale; any investment manager of an issuer that is a pooled investment fund; any general partner or managing member of any investment manager; or any director, executive officer, or other officer participating in the offering of any investment manager or general partner or managing member of the investment manager:

(1) has been convicted, within ten years before the offering, or five years, in the case of MNvest issuers, their predecessors, and affiliated issuers, of any felony or misdemeanor:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission or a state administrator; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(2) is subject to any order, judgment, or decree of any court of competent jurisdiction, entered within five years before the sale, that, at the time of the sale, restrains or enjoins the person from engaging or continuing to engage in any conduct or practice:

(i) in connection with the purchase or sale of any security;

(ii) involving the making of any false filing with the Securities and Exchange Commission or a state administrator; or

(iii) arising out of the conduct of the business of an underwriter, broker, dealer, municipal securities dealer, investment adviser, or paid solicitor of purchasers of securities;

(3) is subject to a final order of a state securities commission or an agency or officer of a state performing like functions; a state authority that supervises or examines banks, savings associations, or credit unions; a state insurance commission or an agency or officer of a state performing like functions; an appropriate federal banking agency; the United States Commodity Futures Trading Commission; or the National Credit Union Administration that:

(i) at the time of the offering, bars the person from:

(A) association with an entity regulated by the commission, authority, agency, or officer;

(B) engaging in the business of securities, insurance, or banking; or

(C) engaging in savings association or credit union activities; or

(ii) constitutes a final order based on a violation of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct entered within ten years before the offering;

(4) is subject to an order of the Securities and Exchange Commission entered pursuant to section 15(b) or 15B(c) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(b) or 78o-4(c) or section 203(e) or (f) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-3(e) or (f) that, at the time of the offering:

(i) suspends or revokes the person's registration as a broker, dealer, municipal securities dealer, or investment adviser;

(ii) places limitations on the activities, functions, or operations of the person; or

(iii) bars the person from being associated with any entity or from participating in the offering of any penny stock;

(5) is subject to any order of the Securities and Exchange Commission or a state administrator entered within five years before the sale that, at the time of the sale, orders the person to cease and desist from committing or causing a violation or future violation of:

(i) any scienter-based antifraud provision of the federal securities laws, including without limitation section 17(a)(1) of the Securities Act of 1933, United States Code, title 15, section 77q(a)(1), section 10(b) of the Securities Exchange Act of 1934, United States Code, title 15, section 78j(b) and Code of Federal Regulations, title 17, section 240.10b-5, section 15(c)(1) of the Securities Exchange Act of 1934, United States Code, title 15, section 78o(c)(1) and section 206(1) of the Investment Advisers Act of 1940, United States Code, title 15, section 80b-6(1), or any other rule or regulation thereunder; or

(ii) section 5 of the Securities Act of 1933, United States Code, title 15, section 77e;

(6) is suspended or expelled from membership in, or suspended or barred from association with a member of, a registered national securities exchange or a registered national or affiliated securities association for any act or omission to act constituting conduct inconsistent with just and equitable principles of trade;

(7) has filed as a registrant or issuer, or was or was named as an underwriter in, any registrations statement or Regulation A offering statement filed with the Securities and Exchange Commission or a state administrator that, within five years before the sale, was the subject of a refusal order, stop order, or order suspending the Regulation A exemption, or is, at the time of the sale, the subject of an investigation or proceeding to determine whether a stop order or suspension order should be issued; or

(8) is subject to a United States Postal Service false representation order entered within five years before the offering, or is, at the time of the offering, subject to a temporary restraining order or preliminary injunction with respect to conduct alleged by the United States Postal Service to constitute a scheme or device for obtaining money or property through the mail by means of false representations.

(b) Paragraph (a) does not apply:

(1) with respect to any conviction, order, judgment, decree, suspension, expulsion, or bar that occurred or was issued before September 23, 2013;

(2) upon a showing of good cause and without prejudice to any other action by the Securities and Exchange Commission or a state administrator, if the Securities and Exchange Commission or

a state administrator determines that it is not necessary under the circumstances that an exemption be denied;

(3) if, before the relevant offering, the court of regulatory authority that entered the relevant order, judgment, or decree advises in writing, whether contained in the relevant judgment, order, or decree or separately to the Securities and Exchange Commission or a state administrator or their staff, that disqualification under paragraph (a) should not arise as a consequence of the order, judgment, or decree; or

(4) if the MNvest issuer establishes that it did not know and, in the exercise of reasonable care, could not have known that a disqualification existed under paragraph (a).

(c) For purposes of paragraph (a), events relating to any affiliated issuer that occurred before the affiliation arose will not be considered disqualifying if the affiliated entity is not:

(1) in control of the issuer; or

(2) under common control with the issuer by a third party that was in control of the affiliated entity at the time of the events.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies with respect to acts committed on or after that date.

Sec. 13. Minnesota Statutes 2014, section 80A.84, is amended to read:

**80A.84 SECTION 607; PUBLIC RECORDS; CONFIDENTIALITY.**

(a) **Presumption of public records.** Except as otherwise provided in subsection (b), records obtained by the administrator or filed under this chapter, including a record contained in or filed with a registration statement, application, notice filing, or report, are public records and are available for public examination.

(b) **Nonpublic records.** The following records are not public records and are not available for public examination under subsection (a):

(1) a record obtained by the administrator in connection with an audit or inspection under section 80A.66(d) or an investigation under section 80A.79;

(2) a part of a record filed in connection with a registration statement under sections 80A.49 and 80A.51 through 80A.53 or a record under section 80A.66(d) that contains trade secrets or confidential information if the person filing the registration statement or report has asserted a claim of confidentiality or privilege that is authorized by law;

(3) a record that is not required to be provided to the administrator or filed under this chapter and is provided to the administrator only on the condition that the record will not be subject to public examination or disclosure;

(4) a nonpublic record received from a person specified in section 80A.85(a);

(5) any social security number, residential address unless used as a business address, and residential telephone number contained in a record that is filed; and

(6) a record obtained by the administrator through a designee of the administrator that a rule or order under this chapter determines has been:

(A) expunged from the administrator's records by the designee; or

(B) determined to be nonpublic or nondisclosable by that designee if the administrator finds the determination to be in the public interest and for the protection of investors; and

(7) a record furnished to the administrator by a portal operator under section 80A.461, subdivision 7, paragraph (e).

(c) **Administrator discretion to disclose.** If disclosure is for the purpose of a civil, administrative, or criminal investigation, action, or proceeding or to a person specified in section 80A.85(a), the administrator may disclose a record obtained in connection with an audit or inspection under section 80A.66(d) or a record obtained in connection with an investigation under section 80A.79.

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

Sec. 14. Minnesota Statutes 2014, section 168.013, subdivision 1d, is amended to read:

Subd. 1d. **Trailer.** (a) On trailers registered at a gross vehicle weight of greater than ~~3,000~~ 7,200 pounds, the annual tax is based on total gross weight and is 30 percent of the Minnesota base rate prescribed in subdivision 1e, when the gross weight is 15,000 pounds or less, and when the gross weight of a trailer is more than 15,000 pounds, the tax for the first eight years of vehicle life is 100 percent of the tax imposed in the Minnesota base rate schedule, and during the ninth and succeeding years of vehicle life the tax is 75 percent of the Minnesota base rate prescribed by subdivision 1e.

(b) Farm trailers with a gross weight in excess of 10,000 pounds and as described in section 168.002, subdivision 8, are taxed as farm trucks as prescribed in subdivision 1c.

~~(c) Effective on and after July 1, 2001, Trailers registered at a gross vehicle weight of 3,000 7,200 pounds or less must display a distinctive plate. The registration on the license plate is valid for the life of the trailer only if it remains registered at the same gross vehicle weight. The onetime registration tax for trailers registered for the first time in Minnesota is \$55. For trailers registered in Minnesota before July 1, 2001, and for which:~~

~~(1) registration is desired for the remaining life of the trailer, the registration tax is \$25; or~~

~~(2) permanent registration is not desired, the biennial registration tax is \$10 for the first renewal if registration is renewed between and including July 1, 2001, and June 30, 2003. These trailers must be issued permanent registration at the first renewal on or after July 1, 2003, and the registration tax is \$20.~~

~~For trailers registered at a gross weight of 3,000 pounds or less before July 1, 2001, but not renewed until on or after July 1, 2003, the registration tax is \$20 and permanent registration must be issued.~~

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to taxes payable for registrations and registration renewals due on or after January 1, 2016. This section supersedes any amendment to Minnesota Statutes, section 168.013, subdivision 1d, made during the 2015 regular legislative session in S.F. No. 1647, regardless of order of enactment.

Sec. 15. Minnesota Statutes 2014, section 216B.16, subdivision 6, is amended to read:

Subd. 6. **Factors considered, generally.** The commission, in the exercise of its powers under this chapter to determine just and reasonable rates for public utilities, shall give due consideration to the public need for adequate, efficient, and reasonable service and to the need of the public utility for revenue sufficient to enable it to meet the cost of furnishing the service, including adequate provision for depreciation of its utility property used and useful in rendering service to the public, and to earn a fair and reasonable return upon the investment in such property. In determining the rate base upon which the utility is to be allowed to earn a fair rate of return, the commission shall give due consideration to evidence of the cost of the property when first devoted to public use, to prudent acquisition cost to the public utility less appropriate depreciation on each, to construction work in progress, to offsets in the nature of capital provided by sources other than the investors, and to other expenses of a capital nature. For purposes of determining rate base, the commission shall consider the original cost of utility property included in the base and shall make no allowance for its estimated current replacement value. If the commission orders a generating facility to terminate its operations before the end of the facility's physical life in order to comply with a specific state or federal energy statute or policy, the commission may allow the public utility to recover any positive net book value of the facility as determined by the commission.

Sec. 16. Minnesota Statutes 2014, section 216B.16, subdivision 7b, is amended to read:

Subd. 7b. **Transmission cost adjustment.** (a) Notwithstanding any other provision of this chapter, the commission may approve a tariff mechanism for the automatic annual adjustment of charges for the Minnesota jurisdictional costs net of associated revenues of:

(i) new transmission facilities that have been separately filed and reviewed and approved by the commission under section 216B.243 or new transmission or distribution facilities that are certified as a priority project or deemed to be a priority transmission project under section 216B.2425;

(ii) new transmission facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed, to the extent approval is required by the laws of that state, and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system; and

(iii) charges incurred by a utility under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system.

(b) Upon filing by a public utility or utilities providing transmission service, the commission may approve, reject, or modify, after notice and comment, a tariff that:

(1) allows the utility to recover on a timely basis the costs net of revenues of facilities approved under section 216B.243 or certified or deemed to be certified under section 216B.2425 or exempt from the requirements of section 216B.243;

(2) allows the utility to recover charges incurred under a federally approved tariff that accrue from other transmission owners' regionally planned transmission projects that have been determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system. These charges must be reduced or offset by revenues received by the utility and by amounts the utility charges to other regional transmission owners, to the extent those revenues and charges have not been otherwise offset;

(3) allows the utility to recover on a timely basis the costs net of revenues of facilities approved by the regulatory commission of the state in which the new transmission facilities are to be constructed and determined by the Midcontinent Independent System Operator to benefit the utility or integrated transmission system;

(4) allows the utility to recover costs associated with distribution planning required under section 216B.2425;

(5) allows the utility to recover costs associated with investments in distribution facilities to modernize the utility's grid that have been certified by the commission under section 216B.2425;

(6) allows a return on investment at the level approved in the utility's last general rate case, unless a different return is found to be consistent with the public interest;

(5) (7) provides a current return on construction work in progress, provided that recovery from Minnesota retail customers for the allowance for funds used during construction is not sought through any other mechanism;

(6) (8) allows for recovery of other expenses if shown to promote a least-cost project option or is otherwise in the public interest;

(7) (9) allocates project costs appropriately between wholesale and retail customers;

(8) (10) provides a mechanism for recovery above cost, if necessary to improve the overall economics of the project or projects or is otherwise in the public interest; and

(9) (11) terminates recovery once costs have been fully recovered or have otherwise been reflected in the utility's general rates.

(c) A public utility may file annual rate adjustments to be applied to customer bills paid under the tariff approved in paragraph (b). In its filing, the public utility shall provide:

(1) a description of and context for the facilities included for recovery;

(2) a schedule for implementation of applicable projects;

(3) the utility's costs for these projects;

(4) a description of the utility's efforts to ensure the lowest costs to ratepayers for the project; and

(5) calculations to establish that the rate adjustment is consistent with the terms of the tariff established in paragraph (b).

(d) Upon receiving a filing for a rate adjustment pursuant to the tariff established in paragraph (b), the commission shall approve the annual rate adjustments provided that, after notice and comment, the costs included for recovery through the tariff were or are expected to be prudently incurred and achieve transmission system improvements at the lowest feasible and prudent cost to ratepayers.

Sec. 17. Minnesota Statutes 2014, section 216B.16, subdivision 19, is amended to read:

Subd. 19. **Multiyear rate plan.** (a) A public utility may propose, and the commission may approve, approve as modified, or reject, a multiyear rate plan as provided in this subdivision. The term "multiyear rate plan" refers to a plan establishing the rates the utility may charge for each year of the specified period of years, which cannot exceed ~~three~~ five years, to be covered by the

plan. A utility proposing a multiyear rate plan shall provide a general description of the utility's major planned investments over the plan period. The commission may also require the utility to provide a set of reasonable performance measures and incentives that are quantifiable, verifiable, and consistent with state energy policies. The commission may allow the utility to adjust recovery of its cost of capital or other costs in a reasonable manner within the plan period. The utility may propose:

(1) recovery of the utility's forecasted rate base, based on a formula, a budget forecast, or a fixed escalation rate, individually or in combination. The forecasted rate base must include the utility's planned capital investments and investment-related costs, including income tax impacts, depreciation and property taxes, as well as forecasted capacity-related costs from purchased power agreements that are not recovered through subdivision 7;

(2) recovery of operations and maintenance expenses, based on an electricity-related price index or other formula;

(3) tariffs that expand the products and services available to customers, including, but not limited to, an affordability rate for low-income residential customers; and

(4) adjustments to the rates approved under the multiyear plan for rate changes that the commission determines to be just and reasonable, including, but not limited to, changes in the utility's cost of operating its nuclear facilities, or other significant investments not addressed in the plan.

(b) A utility that has filed a petition with the commission to approve a multiyear rate plan may request to be allowed to implement interim rates for the first and second years of the multiyear plan. If the commission approves the request, interim rates shall be implemented in the same manner as allowed under subdivision 3.

(c) The commission may approve a multiyear rate plan only if it finds that the plan establishes just and reasonable rates for the utility, applying the factors described in subdivision 6. Consistent with subdivision 4, the burden of proof to demonstrate that the multiyear rate plan is just and reasonable is on the public utility proposing the plan.

(b) (d) Rates charged under the multiyear rate plan must be based only upon the utility's reasonable and prudent costs of service over the term of the plan, as determined by the commission, provided that the costs are not being recovered elsewhere in rates. Rate adjustments authorized under subdivisions 6b and 7 may continue outside of a plan authorized under this subdivision.

(e) (e) The commission may, by order, establish terms, conditions, and procedures for a multiyear rate plan necessary to implement this section and ensure that rates remain just and reasonable during the course of the plan, including terms and procedures for rate adjustment. At any time prior to conclusion of a multiyear rate plan, the commission, upon its own motion or upon petition of any party, has the discretion to examine the reasonableness of the utility's rates under the plan, and adjust rates as necessary.

(d) (f) In reviewing a multiyear rate plan proposed in a general rate case under this section, the commission may extend the time requirements for issuance of a final determination prescribed in this section by an additional 90 days beyond its existing authority under subdivision 2, paragraph (f).

(e) (g) A utility may not file a multiyear rate plan that would establish rates under the terms of the plan until after May 31, 2012.

(h) The commission may initiate a proceeding to determine a set of performance measures that can be used to assess a utility operating under a multiyear rate plan.

Sec. 18. **[216B.1638] RECOVERY OF NATURAL GAS EXTENSION PROJECT COSTS.**

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

(b) "Contribution in aid of construction" means a monetary contribution, paid by a developer or local unit of government to a utility providing natural gas service to a community receiving that service as the result of a natural gas extension project, that reduces or offsets the difference between the total revenue requirement of the project and the revenue generated from the customers served by the project.

(c) "Developer" means a developer of the project or a person that owns or will own the property served by the project.

(d) "Local unit of government" means a city, county, township, commission, district, authority, or other political subdivision or instrumentality of this state.

(e) "Natural gas extension project" or "project" means the construction of new infrastructure or upgrades to existing natural gas facilities necessary to serve currently unserved or inadequately served areas.

(f) "Revenue deficiency" means the deficiency in funds that results when projected revenues from customers receiving natural gas service as the result of a natural gas extension project, plus any contributions in aid of construction paid by these customers, fall short of the total revenue requirement of the natural gas extension project.

(g) "Total revenue requirement" means the total cost of extending and maintaining natural gas service to a currently unserved or inadequately served area.

(h) "Transport customer" means a customer for whom a natural gas utility transports gas the customer has purchased from another natural gas supplier.

(i) "Unserved or inadequately served area" means an area in this state lacking adequate natural gas pipeline infrastructure to meet the demand of existing or potential end-use customers.

Subd. 2. **Filing.** (a) A public utility may petition the commission outside of a general rate case for a rider that shall include all of the utility's customers, including transport customers, to recover the revenue deficiency from a natural gas extension project.

(b) The petition shall include:

(1) a description of the natural gas extension project, including the number and location of new customers to be served and the distance over which natural gas will be distributed to serve the unserved or inadequately served area;

(2) the project's construction schedule;

(3) the proposed project budget;

(4) the amount of any contributions in aid of construction;

(5) a description of efforts made by the public utility to offset the revenue deficiency through contributions in aid to construction;

(6) the amount of the revenue deficiency, and how recovery of the revenue deficiency will be allocated among industrial, commercial, residential, and transport customers;

(7) the proposed method to be used to recover the revenue deficiency from each customer class, such as a flat fee, a volumetric charge, or another form of recovery;

(8) the proposed termination date of the rider to recover the revenue deficiency; and

(9) a description of benefits to the public utility's existing natural gas customers that will accrue from the natural gas extension project.

Subd. 3. **Review; approval.** (a) The commission shall allow opportunity for comment on the petition.

(b) The commission shall approve a public utility's petition for a rider to recover the costs of a natural gas extension project if it determines that:

(1) the project is designed to extend natural gas service to an unserved or inadequately served area; and

(2) project costs are reasonable and prudently incurred.

(c) The commission must not approve a rider under this section that allows a utility to recover more than 33 percent of the costs of a natural gas extension project.

(d) The revenue deficiency from a natural gas extension project recoverable through a rider under this section must include the currently authorized rate of return, incremental income taxes, incremental property taxes, incremental depreciation expenses, and any incremental operation and maintenance costs.

Subd. 4. **Commission authority; order.** The commission may issue orders necessary to implement and administer this section.

Subd. 5. **Implementation.** Nothing in this section commits a public utility to implement a project approved by the commission. The public utility seeking to provide natural gas service shall notify the commission whether it intends to proceed with the project as approved by the commission.

Subd. 6. **Evaluation and report.** By January 15, 2017, and every three years thereafter, the commission shall report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over energy policy:

(1) the number of public utilities and projects proposed and approved under this section;

(2) the total cost of each project;

(3) rate impacts of the cost recovery mechanism; and

(4) an assessment of the effectiveness of the cost recovery mechanism in realizing increased natural gas service to unserved or inadequately served areas from natural gas extension projects.

Sec. 19. Minnesota Statutes 2014, section 216B.164, subdivision 3, is amended to read:

Subd. 3. **Purchases; small facilities.** (a) This paragraph applies to cooperative electric associations and municipal utilities. For a qualifying facility having less than 40-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. A cooperative electric association or municipal utility may charge an additional fee to recover the fixed costs not already paid for by the customer through the customer's existing billing arrangement. Any additional charge by the utility must be reasonable and appropriate for that class of customer based on the most recent cost of service study. The cost of service study must be made available for review by a customer of the utility upon request. In the case of net input into the utility system by a qualifying facility having less than 40-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c) ~~or~~, (d), or (f).

(b) This paragraph applies to public utilities. For a qualifying facility having less than 1,000-kilowatt capacity, the customer shall be billed for the net energy supplied by the utility according to the applicable rate schedule for sales to that class of customer. In the case of net input into the utility system by a qualifying facility having: (1) more than 40-kilowatt but less than 1,000-kilowatt capacity, compensation to the customer shall be at a per kilowatt-hour rate determined under paragraph (c); or (2) less than 40-kilowatt capacity, compensation to the customer shall be at a per-kilowatt rate determined under paragraph (c) or (d).

(c) In setting rates, the commission shall consider the fixed distribution costs to the utility not otherwise accounted for in the basic monthly charge and shall ensure that the costs charged to the qualifying facility are not discriminatory in relation to the costs charged to other customers of the utility. The commission shall set the rates for net input into the utility system based on avoided costs as defined in the Code of Federal Regulations, title 18, section 292.101, paragraph (b)(6), the factors listed in Code of Federal Regulations, title 18, section 292.304, and all other relevant factors.

(d) Notwithstanding any provision in this chapter to the contrary, a qualifying facility having less than 40-kilowatt capacity may elect that the compensation for net input by the qualifying facility into the utility system shall be at the average retail utility energy rate. "Average retail utility energy rate" is defined as the average of the retail energy rates, exclusive of special rates based on income, age, or energy conservation, according to the applicable rate schedule of the utility for sales to that class of customer.

(e) If the qualifying facility or net metered facility is interconnected with a nongenerating utility which has a sole source contract with a municipal power agency or a generation and transmission utility, the nongenerating utility may elect to treat its purchase of any net input under this subdivision as being made on behalf of its supplier and shall be reimbursed by its supplier for any additional costs incurred in making the purchase. Qualifying facilities or net metered facilities having less than 1,000-kilowatt capacity if interconnected to a public utility, or less than 40-kilowatt capacity if interconnected to a cooperative electric association or municipal utility may, at the customer's option, elect to be governed by the provisions of subdivision 4.

**EFFECTIVE DATE.** This section is effective July 1, 2015, and applies to customers installing net metered systems after that day.

Sec. 20. Minnesota Statutes 2014, section 216B.2425, is amended to read:

**216B.2425 STATE TRANSMISSION AND DISTRIBUTION PLAN.**

Subdivision 1. **List.** The commission shall maintain a list of certified high-voltage transmission line projects.

Subd. 2. **List development; transmission projects report.** (a) By November 1 of each odd-numbered year, a transmission projects report must be submitted to the commission by each utility, organization, or company that:

(1) is a public utility, a municipal utility, a cooperative electric association, the generation and transmission organization that serves each utility or association, or a transmission company; and

(2) owns or operates electric transmission lines in Minnesota, except a company or organization that owns a transmission line that serves a single customer or interconnects a single generating facility.

(b) The report may be submitted jointly or individually to the commission.

(c) The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(d) To meet the requirements of this subdivision, reporting parties may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

(e) In addition to providing the information required under this subdivision, a utility operating under a multiyear rate plan approved by the commission under section 216B.16, subdivision 19, shall identify in its report investments that it considers necessary to modernize the transmission and distribution system by enhancing reliability, improving security against cyber and physical threats, and by increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

Subd. 3. **Commission approval.** By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the transmission and distribution projects proposed under subdivision 2. The commission may only certify a project that is a high-voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.243, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. **List; effect.** Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. **Transmission inventory.** The Department of Commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. **Exclusion.** This section does not apply to any transmission line proposal that has been approved by, or was pending before, a local unit of government, the Environmental Quality Board, or the Public Utilities Commission on August 1, 2001.

Subd. 7. **Transmission needed to support renewable resources.** (a) Each entity subject to this section shall determine necessary transmission upgrades to support development of renewable energy resources required to meet objectives under section 216B.1691 and shall include those upgrades in its report under subdivision 2.

(b) MS 2008 [Expired]

Subd. 8. **Distribution study for distributed generation.** Each entity subject to this section that is operating under a multiyear rate plan approved under section 216B.16, subdivision 19, shall conduct a distribution study to identify interconnection points on its distribution system for small-scale distributed generation resources and shall identify necessary distribution upgrades to support the continued development of distributed generation resources, and shall include the study in its report required under subdivision 2.

#### Sec. 21. **TASK FORCE ON NO-FAULT AUTO INSURANCE ISSUES.**

Subdivision 1. **Establishment.** The task force on no-fault auto insurance is established to review certain issues related to no-fault automobile insurance reform.

Subd. 2. **Membership; meetings; staff.** (a) The task force shall be composed of the following 19 members, who must be appointed by July 1, 2015, and who serve at the pleasure of their appointing authorities:

(1) the commissioner of commerce or a designee;

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

(3) two members of the senate, one appointed by the Subcommittee on Committees of the Committee on Rules and Administration and one appointed by the minority leader;

(4) a person appointed by the Minnesota Chiropractic Association;

(5) a person appointed by the Insurance Federation of Minnesota;

(6) a person appointed by the Insurance Federation of Minnesota who is not a member of the Federation;

(7) a person appointed by the Minnesota Association for Justice;

- (8) a person appointed by the Minnesota Medical Association;
  - (9) a person appointed by the Minnesota Glass Association;
  - (10) a person appointed by the Minnesota Hospital Association;
  - (11) a person appointed by the Minnesota Ambulance Association;
  - (12) a person appointed by the Minnesota Physical Therapy Association;
  - (13) a person appointed by the Academy of Emergency Physicians-Minnesota Chapter;
  - (14) a person appointed by the Medical Group Management Association of Minnesota;
  - (15) a representative of a medical consulting company specializing in the delivery of independent medical examinations, appointed by the commissioner;
  - (16) a person appointed by the Minnesota Defense Lawyers Association; and
  - (17) a person appointed by the Minnesota Ambulatory Surgery Center Association.
- (b) Compensation and expense reimbursement must be as provided under Minnesota Statutes, section 15.059, subdivision 3, to members of the task force.
- (c) The commissioner of commerce shall convene the task force by August 1, 2015, and shall appoint a chair from the membership of the task force. Staffing and technical assistance must be provided by the Department of Commerce.

Subd. 3. **Duties.** The task force shall review and evaluate the following issues related to no-fault automobile insurance reform:

- (1) no-fault arbitration process;
- (2) independent medical exam process;
- (3) treatment standards and fee schedules; and
- (4) no-fault health provider oversight.

Subd. 4. **Report.** By February 1, 2016, the task force must submit to the chairs and ranking minority members of the house of representatives and senate committees and divisions with primary jurisdiction over commerce and transportation its written recommendations, including any draft legislation necessary to implement the recommendations.

Subd. 5. **Expiration.** The task force expires the day after submitting the report under subdivision 4, or February 2, 2016, whichever is earlier.

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

Sec. 22. **COMPETITIVE RATE FOR ENERGY-INTENSIVE, TRADE-EXPOSED ELECTRIC UTILITY CUSTOMER.**

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

(b) "Clean energy technology" is energy technology that generates electricity from a carbon neutral generating resource including, but not limited to, solar, wind, hydroelectric, and biomass.

(c) "Energy-intensive trade-exposed customer" is defined to include:

(1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16;

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer;

(3) a steel mill and related facilities;

(4) a retail customer of an investor-owned electric utility that has facilities under a single electric service agreement that (i) collectively imposes a peak electrical demand of at least 10,000 kilowatts on the electric utility's system, and (ii) has a combined annual average load factor in excess of 80 percent; and

(5) any other retail customer of an investor-owned electric utility that is subject to globally competitive pressures and whose electric energy costs are at least ten percent of the customer's overall cost of production.

(d) "EITE rate schedule" means a rate schedule under which an investor-owned electric utility may set terms of service to an individual or group of energy-intensive trade-exposed customers.

(e) "EITE rate" means the rate or rates offered by the investor-owned electric utility under an EITE rate schedule.

Subd. 2. **Rates and terms of EITE rate schedule.** (a) It is the energy policy of the state of Minnesota to ensure competitive electric rates for energy-intensive trade-exposed customers. To achieve this objective, an investor-owned electric utility that has at least 50,000 retail electric customers, but no more than 200,000 retail electric customers, shall have the ability to propose various EITE rate options within their service territory under an EITE rate schedule that include, but are not limited to, fixed-rates, market-based rates, and rates to encourage utilization of new clean energy technology.

(b) Notwithstanding Minnesota Statutes, section 216B.03, 216B.05, 216B.06, 216B.07, or 216B.16, the commission shall, upon a finding of net benefit to the utility or the state, approve an EITE rate schedule and any corresponding EITE rate.

(c) The commission shall make a final determination in a proceeding begun under this section within 90 days of a miscellaneous rate filing by the electric utility.

(d) Upon approval of any EITE rate schedule, the utility shall create a separate account to track the difference in revenue between what would have been collected under the electric utility's applicable standard tariff and the EITE rate schedule. In its next general rate case or through an EITE cost recovery rate rider between general rate cases, the commission shall allow the utility to recover any costs, including reduced revenues, or refund any savings, including increased revenues, associated with providing service to a customer under an EITE rate schedule. The utility shall not recover any costs or refund any savings under this section from any energy-intensive trade-exposed customer or any low-income residential ratepayers as defined in Minnesota Statutes, section 216B.16, subdivision 15.

Subd. 3. **Low-income funding.** Upon the filing of a utility for approval of an EITE rate schedule under this section, the filing utility must deposit \$10,000 into an account devoted to funding a

program approved by the commission under Minnesota Statutes, section 216B.16, subdivision 15. The funds shall be used to expand the outreach of the commission-approved affordability program.

## ARTICLE 4

### HOUSING

Section 1. Minnesota Statutes 2014, section 327.20, subdivision 1, is amended to read:

Subdivision 1. **Rules.** No domestic animals or house pets of occupants of manufactured home parks or recreational camping areas shall be allowed to run at large, or commit any nuisances within the limits of a manufactured home park or recreational camping area. Each manufactured home park or recreational camping area licensed under the provisions of sections 327.10, 327.11, and 327.14 to 327.28 shall, among other things, provide for the following:

(1) A responsible attendant or caretaker shall be in charge of every manufactured home park or recreational camping area at all times, who shall maintain the park or area, and its facilities and equipment in a clean, orderly and sanitary condition. In any manufactured home park containing more than 50 lots, the attendant, caretaker, or other responsible park employee, shall be readily available at all times in case of emergency.

(2) All manufactured home parks shall be well drained and be located so that the drainage of the park area will not endanger any water supply. No wastewater from manufactured homes or recreational camping vehicles shall be deposited on the surface of the ground. All sewage and other water carried wastes shall be discharged into a municipal sewage system whenever available. When a municipal sewage system is not available, a sewage disposal system acceptable to the state commissioner of health shall be provided.

(3) No manufactured home shall be located closer than three feet to the side lot lines of a manufactured home park, if the abutting property is improved property, or closer than ten feet to a public street or alley. Each individual site shall abut or face on a driveway or clear unoccupied space of not less than 16 feet in width, which space shall have unobstructed access to a public highway or alley. There shall be ~~an open~~ a space of at least ten feet between the sides of adjacent manufactured homes including their attachments and at least three feet between manufactured homes when parked end to end. The space between manufactured homes may be used for the parking of motor vehicles and other property, ~~if the vehicle or other property is parked at least ten feet from the nearest adjacent manufactured home position.~~ The requirements of this paragraph shall not apply to recreational camping areas and variances may be granted by the state commissioner of health in manufactured home parks when the variance is applied for in writing and in the opinion of the commissioner the variance will not endanger the health, safety, and welfare of manufactured home park occupants.

(4) An adequate supply of water of safe, sanitary quality shall be furnished at each manufactured home park or recreational camping area. The source of the water supply shall first be approved by the state Department of Health.

(5) All plumbing shall be installed in accordance with the rules of the state commissioner of labor and industry and the provisions of the Minnesota Plumbing Code.

(6) In the case of a manufactured home park with less than ten manufactured homes, a plan for the sheltering or the safe evacuation to a safe place of shelter of the residents of the park in times of

severe weather conditions, such as tornadoes, high winds, and floods. The shelter or evacuation plan shall be developed with the assistance and approval of the municipality where the park is located and shall be posted at conspicuous locations throughout the park. The park owner shall provide each resident with a copy of the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c. Nothing in this paragraph requires the Department of Health to review or approve any shelter or evacuation plan developed by a park. Failure of a municipality to approve a plan submitted by a park shall not be grounds for action against the park by the Department of Health if the park has made a good faith effort to develop the plan and obtain municipal approval.

(7) A manufactured home park with ten or more manufactured homes, licensed prior to March 1, 1988, shall provide a safe place of shelter for park residents or a plan for the evacuation of park residents to a safe place of shelter within a reasonable distance of the park for use by park residents in times of severe weather, including tornadoes and high winds. The shelter or evacuation plan must be approved by the municipality by March 1, 1989. The municipality may require the park owner to construct a shelter if it determines that a safe place of shelter is not available within a reasonable distance from the park. A copy of the municipal approval and the plan shall be submitted by the park owner to the Department of Health. The park owner shall provide each resident with a copy of the approved shelter or evacuation plan, as provided by section 327C.01, subdivision 1c.

(8) A manufactured home park with ten or more manufactured homes, receiving an initial license after March 1, 1988, must provide the type of shelter required by section 327.205, except that for manufactured home parks established as temporary, emergency housing in a disaster area declared by the President of the United States or the governor, an approved evacuation plan may be provided in lieu of a shelter for a period not exceeding 18 months.

(9) For the purposes of this subdivision, "park owner" and "resident" have the meanings given them in section 327C.01.

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

Sec. 2. Laws 1994, chapter 493, section 1, is amended to read:

**Section 1. OLMSTED COUNTY HOUSING AND REDEVELOPMENT AUTHORITY; MEMBERS.**

**Subdivision 1. City and county appointees as housing and redevelopment authority.** Notwithstanding Minnesota Statutes, section 469.006, the Olmsted County Housing and Redevelopment Authority has seven members, four appointed by the city council of the city of Rochester and three appointed by the county board of Olmsted county. Of the first four appointees of the city council under this act, one must be appointed for a one-year term, two for two-year terms, and one for a three-year term. Of the first three appointees of the county board under this act, one must be appointed for a one-year term, one for a two-year term, and one for a three-year term. Later appointments to fill terms are for five years. An appointment to a vacancy is for the unexpired term.

**Subd. 2. County board may serve as housing and redevelopment authority.** Notwithstanding subdivision 1, the county board may, by resolution, provide that the Olmsted County Board will constitute the county housing and redevelopment authority and that the appointment procedures in subdivision 1 shall not apply. If the Olmsted County Board acts under this subdivision, it must

also provide in the resolution for any additional members needed to comply with Code of Federal Regulations, title 24, part 964.

**EFFECTIVE DATE; TRANSITION.** This section is effective the day after the latter of the city council of the city of Rochester and the Olmsted County Board of Commissioners and their respective chief clerical officers timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Terms of members of the Olmsted County Housing and Redevelopment Authority serving on or after the effective date of this section terminate as provided in the resolution adopted by the county board.

## ARTICLE 5

### LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2014, section 326B.092, subdivision 7, is amended to read:

Subd. 7. **License fees and license renewal fees.** (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that:

(1) if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number; and

(2) if the department receives an application for license renewal after the renewal deadline, license duration means the number of years for which the renewed license would have been issued if the renewal application had been submitted on time and all other requirements for renewal had been met.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration		
	1 Year	2 Years	3 Years
Entry level	\$10	\$20	\$30
<del>Journeyman</del> Journeyworker	\$20	\$40	\$60
Master	\$40	\$80	\$120
Business	\$90	\$180	\$270

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: \$10 if the renewal license duration is one year; and \$20 if the renewal license duration is two years; and ~~\$30 if the renewal license duration is three years.~~

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.93, then a board fee must be included in the license fee and the renewal license fee. The board fee for all

license classifications shall be: \$4 if the license duration is one year; \$8 if the license duration is two years; ~~and \$12 if the license duration is three years.~~

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period July 1, 2015, through June 30, 2017, the following fees apply:

<u>License Classification</u>	<u>License Duration</u>	
	<u>1 year</u>	<u>2 years</u>
<u>Entry level</u>	<u>\$10</u>	<u>\$20</u>
<u>Journeyworker</u>	<u>\$15</u>	<u>\$35</u>
<u>Master</u>	<u>\$30</u>	<u>\$75</u>
<u>Business</u>		<u>\$160</u>

If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be \$5.

Sec. 2. Minnesota Statutes 2014, section 326B.096, is amended to read:

**326B.096 REINSTATEMENT OF LICENSES.**

Subdivision 1. **Reinstatement after revocation.** (a) If a license is revoked under this chapter and if an applicant for a license needs to pass an examination administered by the commissioner before becoming licensed, then, in order to have the license reinstated, the person who holds the revoked license must:

- (1) retake the examination and achieve a passing score; and
- (2) meet all other requirements for an initial license, including payment of the application and examination fee and the license fee. The person holding the revoked license is not eligible for Minnesota licensure without examination based on reciprocity.

(b) If a license is revoked under a chapter other than this chapter, then, in order to have the license reinstated, the person who holds the revoked license must:

- (1) apply for reinstatement to the commissioner no later than two years after the effective date of the revocation;
- (2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and
- (3) meet all applicable requirements for licensure, except that, unless required by the order revoking the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the revocation.

Subd. 2. **Reinstatement after suspension.** If a license is suspended, then, in order to have the license reinstated, the person who holds the suspended license must:

(1) apply for reinstatement to the commissioner no later than two years after the completion of the suspension period;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that, unless required by the order suspending the license, the applicant does not need to retake any examination and does not need to repay a license fee that was paid before the suspension.

Subd. 3. **Reinstatement after voluntary termination.** A licensee who is not an individual may voluntarily terminate a license issued to the person under this chapter. If a licensee has voluntarily terminated a license under this subdivision, then, in order to have the license reinstated, the person who holds the terminated license must:

(1) apply for reinstatement to the commissioner no later than the date that the license would have expired if it had not been terminated;

(2) pay a ~~\$100~~ \$50 reinstatement application fee and any applicable renewal license fee; and

(3) meet all applicable requirements for licensure, except that the applicant does not need to repay a license fee that was paid before the termination.

**EFFECTIVE DATE.** The amendments to this section are effective July 1, 2015, and expire July 1, 2017.

Sec. 3. Minnesota Statutes 2014, section 326B.106, subdivision 1, is amended to read:

Subdivision 1. **Adoption of code.** (a) Subject to paragraphs (c) and (d) and sections 326B.101 to 326B.194, the commissioner shall by rule and in consultation with the Construction Codes Advisory Council establish a code of standards for the construction, reconstruction, alteration, and repair of buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety, including design and construction standards regarding heat loss control, illumination, and climate control. The code must also include duties and responsibilities for code administration, including procedures for administrative action, penalties, and suspension and revocation of certification. The code must conform insofar as practicable to model building codes generally accepted and in use throughout the United States, including a code for building conservation. In the preparation of the code, consideration must be given to the existing statewide specialty codes presently in use in the state. Model codes with necessary modifications and statewide specialty codes may be adopted by reference. The code must be based on the application of scientific principles, approved tests, and professional judgment. To the extent possible, the code must be adopted in terms of desired results instead of the means of achieving those results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code must encourage the use of new methods and new materials. Except as otherwise provided in sections 326B.101 to 326B.194, the commissioner shall administer and enforce the provisions of those sections.

(b) The commissioner shall develop rules addressing the plan review fee assessed to similar buildings without significant modifications including provisions for use of building systems as specified in the industrial/modular program specified in section 326B.194. Additional plan review fees associated with similar plans must be based on costs commensurate with the direct and indirect costs of the service.

(c) Beginning with the 2018 edition of the model building codes and every six years thereafter, the commissioner shall review the new model building codes and adopt the model codes as amended for use in Minnesota, within two years of the published edition date. The commissioner may adopt amendments to the building codes prior to the adoption of the new building codes to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or the use of a building.

(d) Notwithstanding paragraph (c), the commissioner shall act on each new model residential energy code and the new model commercial energy code in accordance with federal law for which the United States Department of Energy has issued an affirmative determination in compliance with United States Code, title 42, section 6833. The commissioner may adopt amendments prior to adoption of the new energy codes, as amended for use in Minnesota, to advance construction methods, technology, or materials, or, where necessary to protect the health, safety, and welfare of the public, or to improve the efficiency or use of a building.

**EFFECTIVE DATE.** This section is effective August 1, 2015, and applies to all model code adoptions beginning with the 2018 model building code.

Sec. 4. Minnesota Statutes 2014, section 326B.13, subdivision 8, is amended to read:

Subd. 8. **Effective date of rules.** A rule to adopt or amend the State Building Code is effective ~~180~~ 270 days after publication of the rule's notice of adoption in the State Register. The rule may provide for a later effective date. The rule may provide for an earlier effective date if the commissioner or board proposing the rule finds that an earlier effective date is necessary to protect public health and safety after considering, among other things, the need for time for training of individuals to comply with and enforce the rule. The commissioner must publish an electronic version of the entire adopted rule chapter on the department's Web site within ten days of receipt from the revisor of statutes. The commissioner shall clearly indicate the effective date of the rule on the department's Web site.

Sec. 5. Minnesota Statutes 2014, section 326B.986, subdivision 5, is amended to read:

Subd. 5. **Boiler engineer license fees.** (a) For purposes of calculating license fees and renewal license fees required under section 326B.092:

(1) the boiler special engineer license is an entry level license;

(2) the following licenses are journeyman licenses: first class engineer, Grade A; first class engineer, Grade B; first class engineer, Grade C; second class engineer, Grade A; second class engineer, Grade B; second class engineer, Grade C; and provisional license; and

(3) the following licenses are master licenses: boiler chief engineer, Grade A; boiler chief engineer, Grade B; boiler chief engineer, Grade C; boiler ~~commissioner~~ inspector certificate of competency; and traction or hobby boiler engineer.

(b) Notwithstanding section 326B.092, subdivision 7, paragraph (a), the license duration for steam traction and hobby engineer licenses are one year only for the purpose of calculating license fees under section 326B.092, subdivision 7, paragraph (b).

Sec. 6. Minnesota Statutes 2014, section 326B.986, subdivision 8, is amended to read:

Subd. 8. **Certificate of competency.** ~~The fee for issuance of the original certificate of competency is \$85 for inspectors who did not pay the national board examination fee specified in subdivision 6, or \$35 for inspectors who paid that examination fee. (a) Each applicant for a certificate of competency must complete an interview with the chief boiler inspector before issuance of the certificate of competency.~~

~~(b) All initial certificates of competency shall be effective for more than one calendar year and shall expire on December 31 of the year after the year in which the application is made. The commissioner shall in a manner determined by the commissioner, without the need for any rulemaking under chapter 14, phase in the renewal of certificates of competency from one calendar year to two calendar years. By June 30, 2011,~~

~~(c) All renewed certificates of competency shall be valid for two calendar years. The fee for renewal of the state of Minnesota certificate of competency is \$35 for one year or \$70 for two years, and is due the day after the certificate expires.~~

**EFFECTIVE DATE.** The amendments to paragraphs (a) and (c) are effective July 1, 2015, and expire July 1, 2017.

Sec. 7. Minnesota Statutes 2014, section 341.321, is amended to read:

**341.321 FEE SCHEDULE.**

(a) The fee schedule for professional and amateur licenses issued by the commissioner is as follows:

- ~~(1) referees, \$80 for each initial license and each renewal;~~
- ~~(2) promoters, \$700 for each initial license and each renewal;~~
- ~~(3) judges and knockdown judges, \$80 for each initial license and each renewal;~~
- ~~(4) trainers and seconds, \$80 for each initial license and each renewal;~~
- ~~(5) ring announcers, \$80 for each initial license and each renewal;~~
- ~~(6) seconds, \$80 for each initial license and each renewal;~~
- ~~(7) (6) timekeepers, \$80 for each initial license and each renewal;~~
- ~~(8) (7) professional combatants, \$100 for each initial license and each renewal \$70;~~
- ~~(8) amateur combatants, \$50;~~
- ~~(9) managers, \$80 for each initial license and each renewal; and~~
- ~~(10) ringside physicians, \$80 for each initial license and each renewal.~~

~~In addition to the license fee and the late filing penalty fee in section 341.32, subdivision 2, if applicable, an individual who applies for a professional license on the same day within the 48 hours preceding when the combative sporting event is held shall pay a late fee of \$100 plus the original license fee of \$120 at the time the application is submitted.~~

~~(b) The fee schedule for amateur licenses issued by the commissioner is as follows:~~

- ~~(1) referees, \$80 for each initial license and each renewal;~~

- ~~(2) promoters, \$700 for each initial license and each renewal;~~
- ~~(3) judges and knockdown judges, \$80 for each initial license and each renewal;~~
- ~~(4) trainers, \$80 for each initial license and each renewal;~~
- ~~(5) ring announcers, \$80 for each initial license and each renewal;~~
- ~~(6) seconds, \$80 for each initial license and each renewal;~~
- ~~(7) timekeepers, \$80 for each initial license and each renewal;~~
- ~~(8) combatant, \$60 for each initial license and each renewal;~~
- ~~(9) managers, \$80 for each initial license and each renewal; and~~
- ~~(10) ringside physicians, \$80 for each initial license and each renewal.~~

~~(e) (b) The commissioner shall establish a contest fee for each combative sport contest and shall consider the size and type of venue when establishing a contest fee. The professional combative sport contest fee is \$1,500 per event or not more than four percent of the gross ticket sales, whichever is greater, as determined by the commissioner when the combative sport contest is scheduled. The amateur combative sport contest fee shall be \$1,500 or not more than four percent of the gross ticket sales, whichever is greater. The commissioner shall consider the size and type of venue when establishing a contest fee. The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(c) A professional or amateur combative sport contest fee is nonrefundable; and shall be paid as follows:~~

- ~~(1) \$500 at the time the combative sport contest is scheduled; and~~
- ~~(2) \$1,000 at the weigh-in prior to the contest.~~

~~If four percent of the gross ticket sales is greater than \$1,500, the balance is due to the commissioner within 24 hours of the completed contest.~~

~~(d) The commissioner may establish the maximum number of complimentary tickets allowed for each event by rule.~~

~~(d) (e) All fees and penalties collected by the commissioner must be deposited in the commissioner account in the special revenue fund.~~

## ARTICLE 6

### UNEMPLOYMENT INSURANCE

Section 1. Minnesota Statutes 2014, section 268.035, subdivision 6, is amended to read:

Subd. 6. **Benefit year.** "Benefit year" means the period of 52 calendar weeks beginning the date a benefit account is effective. For a benefit account established effective any January 1, April 1, July 1, or October 1, or ~~January 2, 2000, or October 2, 2011,~~ the benefit year will be a period of 53 calendar weeks.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 2. Minnesota Statutes 2014, section 268.035, subdivision 21b, is amended to read:

Subd. 21b. **Preponderance of the evidence.** "Preponderance of the evidence" means evidence in substantiation support of a fact that, ~~when weighed against the evidence opposing the fact,~~ is more convincing and has a greater probability of truth than the evidence opposing the fact.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 3. Minnesota Statutes 2014, section 268.035, subdivision 26, is amended to read:

Subd. 26. **Unemployed.** An applicant is considered "unemployed" (†) in any week that:

(1) the applicant performs less than 32 hours of service in employment, covered employment, noncovered employment, self-employment, or volunteer work; and

(2) any earnings with respect to that week are less than the applicant's weekly unemployment benefit amount.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 4. Minnesota Statutes 2014, section 268.035, subdivision 30, is amended to read:

Subd. 30. **Wages paid.** (a) "Wages paid" means the amount of wages:

(1) that have been actually paid; or

(2) that have been credited to or set apart so that payment and disposition is under the control of the employee.

(b) Wage payments delayed beyond the regularly scheduled pay date are considered "wages paid" on the missed pay date. Back pay is considered "wages paid" on the date of actual payment. Any wages earned but not paid with no scheduled date of payment is considered "wages paid" on the last day of employment.

(b) (c) Wages paid does not include wages earned but not paid except as provided for in this subdivision.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 5. Minnesota Statutes 2014, section 268.051, subdivision 7, is amended to read:

Subd. 7. **Tax rate buydown.** (a) Any taxpaying employer that has been assigned a tax rate based upon an experience rating, and has no amounts past due under this chapter, may, upon the payment of an amount equivalent to any portion or all of the unemployment benefits used in computing the experience rating plus a surcharge of 25 percent, obtain a cancellation of unemployment benefits used equal to the payment made, less the surcharge. The payment is applied to the most recent unemployment benefits paid that are used in computing the experience rating. Upon the payment, the commissioner must compute a new experience rating for the employer, and compute a new tax rate.

(b) Payments for a tax rate buydown may be made only by electronic payment and must be received within 120 calendar days from the beginning of the calendar year for which the tax rate is effective.

~~(c) For calendar years 2011, 2012, and 2013, the surcharge of 25 percent provided for in paragraph (a) does not apply.~~

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 6. Minnesota Statutes 2014, section 268.07, subdivision 2, is amended to read:

Subd. 2. **Benefit account requirements.** (a) Unless paragraph (b) applies, to establish a benefit account an applicant must have total wage credits in the applicant's four quarter base period of at least: ~~(1) \$2,400; or (2) 5.3 percent of the state's average annual wage rounded down to the next lower \$100, whichever is higher.~~

(b) To establish a new benefit account ~~within 52 calendar weeks~~ following the expiration of the benefit year on a prior benefit account, an applicant must have performed services actual work in subsequent covered employment and have been paid wages in one or more completed calendar quarters that started after the effective date of the prior benefit account. The wages paid for ~~those services that employment~~ must be at least enough to meet the requirements of paragraph (a). A benefit account under this paragraph may not be established effective earlier than the Sunday following the end of the most recent completed calendar quarter in which the requirements of paragraph (a) were met. ~~One of the reasons for this paragraph is to prevent~~ An applicant from establishing may not establish a second benefit account as a result of one loss of employment.

**EFFECTIVE DATE.** This section is effective August 2, 2015, except the amendment striking "within 52 calendar weeks" is effective the day following final enactment.

Sec. 7. Minnesota Statutes 2014, section 268.07, subdivision 3b, is amended to read:

Subd. 3b. **Limitations on applications and benefit accounts.** (a) An application for unemployment benefits is effective the Sunday of the calendar week that the application was filed. An application for unemployment benefits may be backdated one calendar week before the Sunday of the week the application was actually filed if the applicant requests the backdating at the time the application is filed. An application may be backdated only if the applicant was unemployed during the period of the backdating. If an individual attempted to file an application for unemployment benefits, but was prevented from filing an application by the department, the application is effective the Sunday of the calendar week the individual first attempted to file an application.

(b) A benefit account established under subdivision 2 is effective the date the application for unemployment benefits was effective.

(c) A benefit account, once established, may later be withdrawn only if:

(1) the applicant has not been paid any unemployment benefits on that benefit account; and

(2) a new application for unemployment benefits is filed and a new benefit account is established at the time of the withdrawal.

A determination or amended determination of eligibility or ineligibility issued under section 268.101, that was sent before the withdrawal of the benefit account, remains in effect and is not voided by the withdrawal of the benefit account.

(d) An application for unemployment benefits is not allowed before the Sunday following the expiration of the benefit year on a prior benefit account. Except as allowed under paragraph (c), an

applicant may establish only one benefit account each 52 calendar weeks. This paragraph applies to benefit accounts established under any federal law or the law of any other state.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 8. Minnesota Statutes 2014, section 268.085, subdivision 1, is amended to read:

Subdivision 1. **Eligibility conditions.** An applicant may be eligible to receive unemployment benefits for any week if:

(1) the applicant has filed a continued request for unemployment benefits for that week under section 268.0865;

(2) the week for which unemployment benefits are requested is in the applicant's benefit year;

(3) the applicant was unemployed as defined in section 268.035, subdivision 26;

(4) the applicant was available for suitable employment as defined in subdivision 15. The applicant's weekly unemployment benefit amount is reduced one-fifth for each day the applicant is unavailable for suitable employment. This clause does not apply to an applicant who is in reemployment assistance training, or each day the applicant is on jury duty or serving as an election judge;

(5) the applicant was actively seeking suitable employment as defined in subdivision 16. This clause does not apply to an applicant who is in reemployment assistance training or who was on jury duty throughout the week;

(6) the applicant has served a nonpayable period of one week that the applicant is otherwise entitled to some amount of unemployment benefits. This clause does not apply if the applicant would have been entitled to federal disaster unemployment assistance because of a disaster in Minnesota, but for the applicant's establishment of a benefit account under section 268.07; and

(7) the applicant has been participating in reemployment assistance services, such as job development of, and adherence to, a work search ~~and resume writing classes plan~~, if the applicant ~~has been determined in need of reemployment assistance services directed to participate by the commissioner, unless.~~ This clause does not apply if the applicant has good cause for failing to participate.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 9. Minnesota Statutes 2014, section 268.085, subdivision 2, is amended to read:

Subd. 2. **Not eligible.** An applicant is ineligible for unemployment benefits for any week:

(1) that occurs before the effective date of a benefit account;

(2) that the applicant, at the beginning of the week, has an outstanding fraud overpayment balance under section 268.18, subdivision 2, including any penalties and interest;

(3) that occurs in a period when the applicant is a student in attendance at, or on vacation from a secondary school including the period between academic years or terms;

(4) that the applicant is incarcerated or performing court-ordered community service. The applicant's weekly unemployment benefit amount is reduced by one-fifth for each day the applicant is incarcerated or performing court-ordered community service;

(5) that the applicant fails or refuses to provide information on an issue of ineligibility required under section 268.101;

(6) that the applicant is performing services 32 hours or more, in employment, covered employment, noncovered employment, volunteer work, or self-employment regardless of the amount of any earnings; or

(7) with respect to which the applicant ~~is receiving, has received, or~~ has filed an application for unemployment benefits under any federal law or the law of any other state. If the appropriate agency finally determines that the applicant is not entitled to ~~the unemployment benefits~~ establish a benefit account under federal law or the law of any other state, this clause does not apply.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 10. Minnesota Statutes 2014, section 268.095, subdivision 10, is amended to read:

Subd. 10. **Ineligibility duration.** (a) Ineligibility from the payment of all unemployment benefits under subdivisions 1 and 4 is for the duration of the applicant's unemployment and until the end of the calendar week that the applicant had total wages paid for actual work performed in subsequent covered employment sufficient to meet one-half of the requirements of section 268.07, subdivision 2, paragraph (a).

(b) Ineligibility imposed under subdivisions 1 and 4 begins on the Sunday of the week that the applicant became separated from employment.

(c) In addition to paragraph (a), if the applicant was discharged from employment because of aggravated employment misconduct, wage credits from that employment are canceled and cannot be used for purposes of a benefit account under section 268.07, subdivision 2.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 11. Minnesota Statutes 2014, section 268.105, subdivision 3, is amended to read:

Subd. 3. **Withdrawal of an appeal.** (a) ~~Any~~ An appeal that is pending before an unemployment law judge may be ~~withdrawn~~ by the appealing person party, or an authorized representative of that ~~person party, upon~~ by filing of a notice of withdrawal. A notice of withdrawal may be filed by mail or by electronic transmission.

(b) The appeal must, by order, be dismissed if a notice of withdrawal is filed, unless an unemployment law judge directs that further ~~adjudication is~~ proceedings are required for a proper result. An order of dismissal issued as a result of a notice of withdrawal is not subject to reconsideration or appeal.

(c) ~~A notice of withdrawal may be filed by mail or by electronic transmission. A party may file a new appeal after the order of dismissal, but the original 20-calendar-day period for appeal begins from the date of issuance of the determination and that time period is not suspended or restarted by the notice of withdrawal and order of dismissal. The new appeal may only be filed by mail or facsimile transmission.~~

(d) For purposes of this subdivision, "appeals" includes a request for reconsideration filed under subdivision 2.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 12. Minnesota Statutes 2014, section 268.105, subdivision 7, is amended to read:

Subd. 7. **Judicial review.** (a) The Minnesota Court of Appeals must, by writ of certiorari to the department, review the unemployment law judge's decision on reconsideration, provided a petition for the writ is filed with the court and a copy is served upon the unemployment law judge or the commissioner and any other party within 30 calendar days of the sending of the unemployment law judge's decision on reconsideration under subdivision 2. Three days are added to the 30-calendar-day period if the decision on reconsideration was mailed to the parties.

(b) Any employer petitioning for a writ of certiorari must pay to the court the required filing fee in accordance with the Rules of Civil Appellate Procedure. If the employer requests a written transcript of the testimony received at the hearing conducted under subdivision 1, the employer must pay to the department the cost of preparing the transcript. That money is credited to the administration account.

(c) Upon issuance by the Minnesota Court of Appeals of a writ of certiorari as a result of an applicant's petition, the department must furnish to the applicant at no cost a written transcript of any testimony received at the hearing conducted under subdivision 1, and, if requested, a copy of all exhibits entered into evidence. No filing fee or cost bond is required of an applicant petitioning the Minnesota Court of Appeals for a writ of certiorari.

(d) The Minnesota Court of Appeals may affirm the decision of the unemployment law judge or remand the case for further proceedings; or it may reverse or modify the decision if the substantial rights of the petitioner may have been prejudiced because the findings, inferences, conclusion, or decision are:

- (1) in violation of constitutional provisions;
- (2) in excess of the statutory authority or jurisdiction of the department;
- (3) made upon unlawful procedure;
- (4) affected by other error of law;
- (5) unsupported by substantial evidence in view of the entire record as submitted; or
- (6) arbitrary or capricious.

(e) The department is considered the primary responding party to any judicial action involving an unemployment law judge's decision. The department may be represented by an attorney licensed to practice law in Minnesota who is an employee of the department.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 13. Minnesota Statutes 2014, section 268.136, subdivision 1, is amended to read:

Subdivision 1. **Shared work plan requirements.** An employer may submit a proposed shared work plan for an employee group to the commissioner for approval in a manner and format set by the commissioner. The proposed shared work plan must include:

(1) a certified statement that the normal weekly hours of work of all of the proposed participating employees were full time or regular part time but are now reduced, or will be reduced, with a corresponding reduction in pay, in order to prevent layoffs;

- (2) the name and Social Security number of each participating employee;
- (3) the number of layoffs that would have occurred absent the employer's ability to participate in a shared work plan;
- (4) a certified statement that each participating employee was first hired by the employer at least one year before the proposed shared work plan is submitted and is not a seasonal, temporary, or intermittent worker;
- (5) the hours of work each participating employee will work each week for the duration of the shared work plan, which must be at least 50 percent of the normal weekly hours but no more than ~~90~~ 80 percent of the normal weekly hours, except that the plan may provide for a uniform vacation shutdown of up to two weeks;
- (6) a certified statement that any health benefits and pension benefits provided by the employer to participating employees will continue to be provided under the same terms and conditions as though the participating employees' hours of work each week had not been reduced;
- (7) a certified statement that the terms and implementation of the shared work plan is consistent with the employer's obligations under state and federal law;
- (8) an acknowledgement that the employer understands that unemployment benefits paid under a shared work plan will be used in computing the future tax rate of a taxpaying employer or charged to the reimbursable account of a nonprofit or government employer;
- (9) the proposed duration of the shared work plan, which must be at least two months and not more than one year, although a plan may be extended for up to an additional year upon approval of the commissioner;
- (10) a starting date beginning on a Sunday at least 15 calendar days after the date the proposed shared work plan is submitted; and
- (11) a signature of an owner or officer of the employer who is listed as an owner or officer on the employer's account under section 268.045.

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

Sec. 14. Minnesota Statutes 2014, section 268.188, is amended to read:

**268.188 SUBPOENAS; OATHS.**

- (a) The commissioner or an unemployment law judge has authority to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of individuals and the production of documents and other personal property necessary in connection with the administration of the Minnesota unemployment insurance program.
- (b) Individuals subpoenaed, other than applicants or officers and employees of an employer that is the subject of the inquiry, are paid witness fees the same as witness fees in civil actions in district court. The fees need not be paid in advance.
- (c) The subpoena is enforceable through the district court in Ramsey County.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 15. Minnesota Statutes 2014, section 268.194, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** There is established as a special state trust fund, separate and apart from all other public money or funds of this state, an unemployment insurance trust fund, that is administered by the commissioner exclusively for the payment of unemployment benefits. This trust fund consists of:

- (1) all taxes collected;
- (2) interest earned upon any money in the trust fund;
- (3) reimbursements paid by nonprofit organizations and the state and political subdivisions;
- (4) tax rate buydown payments under section 268.051, subdivision 7;
- (5) any money received as a loan from the federal unemployment trust fund in accordance with United States Code, title 42, section 1321, of the Social Security Act;
- (6) any other money received under a reciprocal unemployment benefit arrangement with the federal government or any other state;
- (7) money recovered on overpaid unemployment benefits ~~except, if allowed by federal law, five percent of any recovered amount is credited to the administration account;~~
- (8) all money credited to the account under this chapter;
- (9) all money credited to the account of Minnesota in the federal unemployment trust fund under United States Code, title 42, section 1103, of the Social Security Act, also known as the Reed Act; and
- (10) all money received for the trust fund from any other source.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 16. **SPECIAL UNEMPLOYMENT BENEFIT ASSISTANCE.**

Notwithstanding Minnesota Statutes, sections 268.085, subdivision 3, paragraph (a), and 268.035, subdivision 29, paragraph (a), clause (13), applicants laid off due to lack of work from a facility engaged directly in the extraction or processing of iron ore in Itasca County, St. Louis County, or Lake County, between March 1, 2015, and December 31, 2015, will not be ineligible for unemployment benefits because of:

- (1) the receipt of vacation pay from the employer engaged in the extraction or processing of iron ore; or
- (2) the receipt of supplemental unemployment benefits from the employer engaged in the extraction or processing of iron ore.

**EFFECTIVE DATE.** This section is effective the day following final enactment and is effective retroactively from March 1, 2015. This section expires December 31, 2016.

Sec. 17. **POULTRY WORKER EXTRA UNEMPLOYMENT BENEFITS.**

Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are available to an applicant if the applicant was laid off by:

(1) a commercial poultry producer as a result of the confirmed presence of highly pathogenic avian influenza in the commercial poultry producer's flock; or

(2) a commercial poultry processor as a result of the confirmed presence of highly pathogenic avian influenza in the flock of its poultry supplier.

Subd. 2. **Payment from fund.** Extra unemployment benefits are payable from the unemployment insurance trust fund.

Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra unemployment benefits under this section for any week through December 31, 2016, following the effective date of the applicant's benefit account of regular unemployment benefits, as a result of a layoff described under subdivision 1, if:

(1) a majority of the applicant's wage credits were with a commercial poultry producer or processor described in subdivision 1;

(2) the applicant meets the eligibility requirements of Minnesota Statutes, section 268.085;

(3) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095; and

(4) the applicant is not entitled to regular unemployment benefits and the applicant is not entitled to receive unemployment benefits under any other state or federal law for that week.

Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment benefits amount available to an applicant is the same as the applicant's weekly regular unemployment benefit amount on the benefit account established as a result of a layoff under subdivision 1.

Subd. 5. **Maximum amount of extra unemployment benefits.** (a) The maximum amount of extra unemployment benefits available is equal to 13 weeks at the applicant's weekly extra unemployment benefits amount.

(b) If an applicant qualifies for a new regular benefit account under Minnesota Statutes, section 268.07, at any time after exhausting regular unemployment benefits as a result of the layoff under subdivision 1, the applicant must apply for and exhaust entitlement to those new regular unemployment benefits.

Subd. 6. **Program expiration.** The extra unemployment benefit program under this section expires on December 31, 2016. No extra unemployment benefits may be paid for any week after the expiration of the program.

**EFFECTIVE DATE.** This section is effective August 2, 2015.

Sec. 18. **REPEALER.**

Minnesota Statutes 2014, section 268.042, subdivision 4, is repealed.

**EFFECTIVE DATE.** This section is effective August 2, 2015."

Amend the title accordingly

Adjust amounts accordingly

**RECESS**

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

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

**CALL OF THE SENATE**

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

The Senate resumed consideration of H.F. No. 1437 and the Tomassoni amendment.

Senator Marty moved to amend the Tomassoni amendment to H.F. No. 1437 as follows:

Page 43, after line 11, insert:

"Section 2. Minnesota Statutes 2014, section 16C.144, is amended to read:

**16C.144 GUARANTEED ENERGY-SAVINGS PROGRAM.**

Subdivision 1. **Definitions.** The following definitions apply to this section.

- (a) "Utility" means electricity, natural gas, or other energy resource, water, and wastewater.
- (b) "Utility cost savings" means the difference between the utility costs after installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline utility costs after baseline adjustments have been made.
- (c) "Baseline" means the preagreement utilities, operations, and maintenance costs.
- (d) "Utility cost-savings measure" means a measure that produces utility cost savings or operation and maintenance cost savings.
- (e) "Operation and maintenance cost savings" means a measurable difference between operation and maintenance costs after the installation of the utility cost-savings measures pursuant to the guaranteed energy-savings agreement and the baseline operation and maintenance costs after inflation adjustments have been made. Operation and maintenance costs savings shall not include savings from in-house staff labor.
- (f) "Guaranteed energy-savings agreement" means an agreement for the installation of one or more utility cost-savings measures that includes the qualified provider's guarantee as required under subdivision 2.
- (g) "Baseline adjustments" means adjusting the utility cost-savings baselines annually for changes in the following variables:
  - (1) utility rates;
  - (2) number of days in the utility billing cycle;
  - (3) square footage of the facility;
  - (4) operational schedule of the facility;

(5) facility temperature set points;

(6) weather; and

(7) amount of equipment or lighting utilized in the facility.

(h) "Inflation adjustment" means adjusting the operation and maintenance cost-savings baseline annually for inflation.

(i) ~~"Lease purchase agreement~~ Project financing" means ~~an agreement~~ any type of financing including but not limited to lease, lease purchase, installment agreements, or bonds for those other than the state who have bonding authority, obligating the state to make regular lease payments to satisfy the lease costs of the utility cost-savings measures until the final payment, after which time the utility cost-savings measures become the sole property of the state of Minnesota.

(j) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

(k) "Engineering report" means a report prepared by a professional engineer licensed by the state of Minnesota summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, and estimates of the amounts by which utility and operation and maintenance costs will be reduced.

(l) "Capital cost avoidance" means money expended by a state agency to pay for utility cost-savings measures with a guaranteed savings agreement so long as the measures that are being implemented to achieve the utility, operation, and maintenance cost savings are a significant portion of an overall project as determined by the commissioner.

(m) "Guaranteed energy-savings program guidelines" means policies, procedures, and requirements of guaranteed savings agreements established by the Department of Administration.

Subd. 2. **Guaranteed energy-savings agreement.** The commissioner may enter into a guaranteed energy-savings agreement with a qualified provider if:

(1) the qualified provider is selected through a competitive process in accordance with the guaranteed energy-savings program guidelines within the Department of Administration;

(2) the qualified provider agrees to submit an engineering report prior to the execution of the guaranteed energy-savings agreement. The cost of the engineering report may be considered as part of the implementation costs if the commissioner enters into a guaranteed energy-savings agreement with the provider;

(3) the term of the guaranteed energy-savings agreement shall not exceed 25 years from the date of final installation;

(4) the commissioner finds that the amount it would spend, ~~less the amount contributed for capital cost avoidance,~~ on the utility cost-savings measures recommended in the engineering report will not exceed the amount to be saved in utility operation and maintenance costs over 25 years from the date of implementation of utility cost-savings measures;

(5) the qualified provider provides a written guarantee that the annual utility, operation, and maintenance cost savings during the term of the guaranteed energy-savings agreement will meet or exceed the annual payments due under ~~a lease purchase agreement~~ the project financing. The

qualified provider shall reimburse the state for any shortfall of guaranteed utility, operation, and maintenance cost savings; and

(6) the qualified provider gives a sufficient bond in accordance with section 574.26 to the commissioner for the faithful implementation and installation of the utility cost-savings measures.

Subd. 3. ~~Lease purchase agreement Project financing.~~ The commissioner may enter into a ~~lease purchase agreement project financing~~ with any party for the implementation of utility cost-savings measures in accordance with the guaranteed energy-savings agreement. ~~The implementation costs of the utility cost-savings measures recommended in the engineering report shall not exceed the amount to be saved in utility and operation and maintenance costs over the term of the lease purchase agreement.~~ The term of the ~~lease purchase agreement project financing~~ shall not exceed 25 years from the date of final installation. ~~The lease project financing is assignable in accordance with terms approved by the commissioner of management and budget.~~

Subd. 4. **Use of capital cost avoidance.** The affected state agency may contribute funds for capital cost avoidance for guaranteed energy-savings agreements. Use of capital cost avoidance is subject to the guaranteed energy-savings program guidelines within the Department of Administration.

Subd. 5. **Independent report.** For each guaranteed energy-savings agreement entered into, the commissioner of administration shall contract with an independent third party to evaluate the cost-effectiveness of each utility cost-savings measure implemented to ensure that such measures were the least-cost measures available. For the purposes of this section, "independent third party" means an entity not affiliated with the qualified provider, that is not involved in creating or providing conservation project services to that provider, and that has expertise (or access to expertise) in energy-savings practices."

Page 62, after line 33, insert:

"Sec. 2. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3a. **Propane.** "Propane" means a gas made of primarily propane and butane, and stored in liquid form in pressurized tanks.

Sec. 3. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 3b. **Propane storage facility.** "Propane storage facility" means a facility designed to store or capable of storing propane in liquid form in pressurized tanks.

Sec. 4. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 6b. **Synthetic gas.** "Synthetic gas" means flammable gas created from (1) gaseous, liquid, or solid hydrocarbons, or (2) other organic or inorganic matter. Synthetic gas includes hydrogen or methane produced through processing, but does not include propane.

Sec. 5. Minnesota Statutes 2014, section 216B.02, is amended by adding a subdivision to read:

Subd. 11. **Repowering.** "Repowering" means the modification of a large wind energy conversion system or a solar-powered large energy facility to increase efficiency, replace a large wind energy conversion system, or, if the Midcontinent Independent System Operator has provided a signed generator interconnection agreement that reflects the expected net power increase, an increase to the nameplate capacity of the wind energy conversion system.

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

Page 65, after line 10, insert:

"Sec. 8. Minnesota Statutes 2014, section 216B.16, subdivision 12, is amended to read:

Subd. 12. **Exemption for small gas utility franchise.** (a) A municipality may file with the commission a resolution of its governing body requesting exemption from the provisions of this section for a public utility that is under a franchise with the municipality to supply natural, manufactured, or mixed gas and that serves 650 or fewer customers in the municipality as long as the public utility serves no more than a total of ~~2,000~~ 5,000 customers.

(b) The commission shall grant an exemption from this section for that portion of a public utility's business that is requested by each municipality it serves. Furthermore, the commission shall also grant the public utility an exemption from this section for any service provided outside of a municipality's border that is considered by the commission to be incidental. The public utility shall file with the commission and the department all initial and subsequent changes in rates, tariffs, and contracts for service outside the municipality at least 30 days in advance of implementation.

(c) However, the commission shall require the utility to adopt the commission's policies and procedures governing disconnection during cold weather. The utility shall annually submit a copy of its municipally approved rates to the commission.

(d) In all cases covered by this subdivision in which an exemption for service outside of a municipality is granted, the commission may initiate an investigation under section 216B.17, on its own motion or upon complaint from a customer.

(e) If a municipality files with the commission a resolution of its governing body rescinding the request for exemption, the commission shall regulate the public utility's business in that municipality under this section.

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

Page 66, after line 27, insert:

"Sec. 10. **[216B.1615] ELECTRIC VEHICLE PROMOTION PROGRAM.**

Subdivision 1. **Definitions.** (a) For the purposes of this section and section 216B.1616, the terms defined in this subdivision have the meanings given them.

(b) "Electric vehicle charging station" means a public or private parking space that is served by battery charging station equipment that has as its primary purpose the transfer of electric energy by conductive or inductive means to a battery or other energy storage device in an electric vehicle.

(c) "Electric vehicle infrastructure" means structures, machinery, and equipment necessary and integral to support an electric vehicle, including electric vehicle charging stations and battery exchange stations.

(d) "Public utility" has the meaning given in section 216B.02, subdivision 4.

(e) "Electric vehicle" or "plug-in vehicle" means an electric drive motor vehicle that draws propulsion using a traction battery that has at least five kilowatt hours (kWh) of capacity, uses an external source of energy to recharge the battery, and has a gross vehicle weight rating of up to 14,000 pounds.

Subd. 2. **Program.** (a) By February 1, 2016, each public utility serving a city of the first class must file with the commission a program to promote the purchase of electric vehicles by their customers and the construction of electric vehicle infrastructure.

(b) The program may include, but is not limited to, the following elements:

(1) educational resources for individuals, electric vehicle dealers, multifamily housing developers and property management companies, and vehicle fleet managers; and

(2) rebates for installing electric vehicle charging stations at residences or workplaces.

Subd. 3. **Program review and implementation.** The commissioner of commerce shall review the program plans submitted under this section. The commissioner shall approve, modify, or reject the plan based on the plan's effectiveness in promoting electric vehicles among utility customers, and the extent to which the plan will result in the construction of electric vehicle infrastructure. If the commissioner rejects a utility's plan, the utility must submit a new plan for commissioner review within 75 days of the notice of rejection. The utility shall begin implementing the plan within 90 days of commissioner approval.

Subd. 4. **Cost recovery.** Notwithstanding section 216B.16, subdivision 8, paragraph (a), clause (3), the commission shall approve recovery of costs for expenses incurred by a public utility to provide public advertisement as part of a promotion program and the costs reasonably incurred to implement and administer the program in subdivision 2.

Subd. 5. **Reporting.** Beginning one year after implementing a program approved by the commissioner, each public utility implementing a plan under this section shall report annually to the commissioner on its activities to promote electric vehicle usage and the outcomes of those efforts and the potential to utilize plug-in vehicles as dynamic demand response resources or to develop vehicle-to-grid technology."

Page 70, after line 6, insert:

"Sec. 13. Minnesota Statutes 2014, section 216B.164, subdivision 4b, is amended to read:

Subd. 4b. **Limiting cumulative generation.** The commission may limit the cumulative generation of net metered facilities under subdivisions 3 and 3a. ~~A public~~ An electric utility may request the commission to limit the cumulative generation of net metered facilities under subdivisions 3 and 3a upon a showing that such generation has reached four percent of the public utility's annual retail electricity sales. The commission may limit additional net metering obligations under this subdivision only after providing notice and opportunity for public comment. In determining whether to limit additional net metering obligations under this subdivision, the commission shall consider:

- (1) the environmental and other public policy benefits of net metered facilities;
- (2) the impact of net metered facilities on electricity rates for customers without net metered systems;
- (3) the effects of net metering on the reliability of the electric system;
- (4) technical advances or technical concerns; and
- (5) other statutory obligations imposed on the commission or on a utility.

The commission may limit additional net metering obligations under clauses (2) to (4) only if it determines that additional net metering obligations would cause significant rate impact, require significant measures to address reliability, or raise significant technical issues.

Sec. 14. Minnesota Statutes 2014, section 216B.1691, subdivision 2a, is amended to read:

Subd. 2a. **Eligible energy technology standard.** (a) Except as provided in paragraph (b), each electric utility shall generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota, or the retail customers of a distribution utility to which the electric utility provides wholesale electric service, so that at least the following standard percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

- |     |      |             |
|-----|------|-------------|
| (1) | 2012 | 12 percent  |
| (2) | 2016 | 17 percent  |
| (3) | 2020 | 20 percent  |
| (4) | 2025 | 25 percent. |

(b) An electric utility that owned a nuclear generating facility as of January 1, 2007, must meet the requirements of this paragraph rather than paragraph (a). An electric utility subject to this paragraph must generate or procure sufficient electricity generated by an eligible energy technology to provide its retail customers in Minnesota or the retail customer of a distribution utility to which the electric utility provides wholesale electric service so that at least the following percentages of the electric utility's total retail electric sales to retail customers in Minnesota are generated by eligible energy technologies by the end of the year indicated:

- |     |      |             |
|-----|------|-------------|
| (1) | 2010 | 15 percent  |
| (2) | 2012 | 18 percent  |
| (3) | 2016 | 25 percent  |
| (4) | 2020 | 30 percent. |

~~Of the 30 percent in 2020, at least 25 percent must be generated by solar energy or wind energy conversion systems and the remaining five percent by other eligible energy technology. Of the 25 percent that must be generated by wind or solar, no more than one percent may be solar generated and the remaining 24 percent or greater must be wind generated.~~

Sec. 15. Minnesota Statutes 2014, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. **Large energy facility.** "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of 50,000 kilowatts or more and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high-voltage transmission line with a capacity of 200 kilovolts or more and greater than 1,500 feet in length;

(3) any high-voltage transmission line with a capacity of 100 kilovolts or more with more than ten miles of its length in Minnesota or that crosses a state line;

(4) any pipeline greater than six inches in diameter and having more than 50 miles of its length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil, or their derivatives;

(5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

(6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas, excluding propane storage facilities;

(7) any underground gas storage facility requiring a permit pursuant to section 103I.681;

(8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

(9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour."

Page 72, after line 2, insert:

**"Sec. 17. [216B.247] LARGE SOLAR ENERGY SYSTEM OR LWECs REPOWERING.**

(a) A large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar-powered large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that will not result in the facility exceeding the nameplate capacity under its most recent interconnection agreement is exempt from the certificate of need requirements under section 216B.243.

(b) A large wind energy conversion system, as defined in section 216F.01, subdivision 2, or a solar-powered large energy facility, as defined in section 216B.2421, subdivision 2, engaging in a repowering project that will result in the facility exceeding the nameplate capacity under its most recent interconnection agreement is exempt from the certificate of need requirements under section 216B.243, if the project has obtained a signed generator interconnection agreement from the Midcontinent Independent System Operator that reflects the net power increase.

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

Sec. 18. Minnesota Statutes 2014, section 216C.31, is amended to read:

**216C.31 ENERGY AUDIT PROGRAMS.**

The commissioner shall develop state or approve programs of for energy audits of residential and commercial buildings including the training and qualifications necessary auditors for the auditing of residential and commercial buildings under ~~the auspices of~~ a program created under section 216B.241, 216C.436, or any other energy program.

Sec. 19. Minnesota Statutes 2014, section 216C.435, subdivision 3a, is amended to read:

Subd. 3a. **Cost-effective energy improvements.** "Cost-effective energy improvements" mean energy improvements that have been identified in an energy audit or renewable energy system feasibility study as repaying their purchase and installation costs in 20 years or less, based on the amount of ~~future~~ energy saved and estimated future energy prices.

Sec. 20. Minnesota Statutes 2014, section 216C.435, subdivision 4, is amended to read:

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a ~~certified energy auditor, whose certification is approved by the commissioner~~ qualified professional, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices.

Sec. 21. Minnesota Statutes 2014, section 216C.435, subdivision 5, is amended to read:

Subd. 5. **Energy improvement.** "Energy improvement" means:

(1) any renovation or retrofitting of a building to improve energy efficiency that is permanently affixed to the property and that results in a net reduction in energy consumption without altering the principal source of energy;

(2) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; ~~or~~

(3) a renewable energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source; or

(4) the installation of infrastructure, machinery, and appliances that will allow natural gas to be used as a heating fuel on the premises of a building that was previously not connected to a source of natural gas.

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

Sec. 22. Minnesota Statutes 2014, section 216C.435, subdivision 10, is amended to read:

Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a ~~contractor~~ qualified professional trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the length of time a specific renewable energy system will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

Sec. 23. Minnesota Statutes 2014, section 216C.435, is amended by adding a subdivision to read:

Subd. 13. **Qualified professional.** "Qualified professional" means an individual who has successfully completed one of the programs developed or approved by the commissioner, as referenced in section 216C.31.

Sec. 24. Minnesota Statutes 2014, section 216C.436, subdivision 1, is amended to read:

Subdivision 1. **Program authority.** An implementing entity may establish a program to finance energy improvements to enable owners of qualifying real property to pay for cost-effective energy improvements to the qualifying real property ~~with the net proceeds and interest earnings of revenue bonds authorized in this section.~~ An implementing entity may limit the number of qualifying real properties for which a property owner may receive program financing.

Sec. 25. Minnesota Statutes 2014, section 216C.436, subdivision 2, is amended to read:

Subd. 2. **Program requirements.** ~~A~~ The implementing entity must ensure that a financing program must:

(1) ~~impose~~ imposes requirements and conditions on financing arrangements to ensure timely repayment;

(2) ~~require~~ requires an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the implementing entity prior to approval of the financing;

(3) ~~require~~ requires the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;

(4) ~~does not~~ prohibit the financing of all cost-effective energy improvements not otherwise prohibited by this section;

(5) ~~require~~ requires that all cost-effective energy improvements ~~be~~ made to a qualifying real property ~~are completed and operational prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property~~ the first scheduled assessment payment due to the taxing authority;

(6) ~~have~~ has energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;

(7) ~~require~~ requires disclosures to borrowers by the implementing entity of the risks involved in borrowing, including the risk of ~~foreclosure~~ forfeiture if a tax delinquency results from a default;

(8) ~~provide~~ provides financing only to those who demonstrate an ability to repay;

(9) ~~does not~~ provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;

(10) ~~require~~ requires a petition to the implementing entity by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;

(11) ~~provide~~ provides that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and

(12) ~~require~~ requires that liability for special assessments related to the financing runs with the qualifying real property.

Sec. 26. Minnesota Statutes 2014, section 216E.01, subdivision 5, is amended to read:

Subd. 5. **Large electric power generating plant.** "Large electric power generating plant" shall mean electric power generating equipment and associated facilities designed for or capable of operation at a capacity of 50,000 kilowatts or more, or a solar energy generating system designed for or capable of operation at a capacity of 10,000 kilowatts or more.

Sec. 27. Minnesota Statutes 2014, section 216E.021, is amended to read:

**216E.021 SOLAR ENERGY SYSTEM SIZE DETERMINATION.**

(a) This section must be used to determine whether a combination of solar energy generating systems meets the definition of large electric power generating plant and is subject to the commission's siting authority jurisdiction under this chapter. The alternating current nameplate

capacity of one solar energy generating system must be combined with the alternating current nameplate capacity of any other solar energy generating system that:

(1) is constructed within the same 12-month period as the solar energy generating system; and

(2) exhibits characteristics of being a single development, including but not limited to ownership structure, an umbrella sales arrangement, shared interconnection, revenue sharing arrangements, and common debt or equity financing.

(b) An application to a county or municipality for a permit to construct a solar energy generating system with a capacity of 1,000 kilowatts or greater is not complete unless it includes a solar energy system size determination under this section.

~~(b)~~ (c) The commissioner of commerce shall provide forms and assistance for applicants to make a request for a size determination. Upon written request of an applicant, the commissioner shall provide a written size determination within 30 days of receipt of the request and of any information requested by the commissioner. In the case of a dispute, the chair of the Public Utilities Commission shall make the final size determination.

Sec. 28. Minnesota Statutes 2014, section 216E.03, subdivision 3, is amended to read:

Subd. 3. **Application.** Any person seeking to construct a large electric power generating plant or a high-voltage transmission line must apply to the commission for a site or route permit. The application shall contain such information as the commission may require. The applicant shall propose at least two sites for a large electric power generating plant and two routes for a high-voltage transmission line, except that an applicant shall only be required to propose one site for a large electric power generating plant that is a solar energy generating system. Neither of the two proposed routes may be designated as a preferred route and all proposed routes must be numbered and designated as alternatives. The commission shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

Sec. 29. Minnesota Statutes 2014, section 216E.05, subdivision 2, is amended to read:

Subd. 2. **Applicable projects.** Applicants may seek approval from local units of government to construct the following projects:

(1) large electric power generating plants, except solar energy generating systems, with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

(3) high-voltage transmission lines of between 100 and 200 kilovolts;

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high-voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and

(6) a high-voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

**Sec. 30. [216E.055] SOLAR FACILITY PERMIT AUTHORITY; ASSUMPTION BY COUNTIES AND MUNICIPALITIES.**

(a) A county or municipality may, by resolution and upon written notice to the Public Utilities Commission, assume responsibility for processing applications for permits required under this chapter for large electric power generating plants solely within their jurisdiction that are solar energy generating systems up to 25,000 kilowatts. If a county or municipality assumes the responsibility for permit application processing, the county or municipality may delegate the authority to issue the permit to an appropriate county officer or employee; or the county or municipality may determine the permit application should be processed as a conditional use in accordance with procedures and processes established under chapter 394 or 462.

(b) A county or municipality that exercises its option under paragraph (a) may issue, deny, modify, impose conditions upon, or revoke permits pursuant to this section. The action of the county or municipality about a permit application is final, subject to appeal.

(c) The commission shall, by order, establish general permit standards, including appropriate set-backs, governing site permits for solar energy generating systems under this chapter. The order must consider existing and historic commission standards for permits issued by the commission. The general permit standards shall apply to permits issued by counties and municipalities under this section and to permits issued by the commission under this chapter. The commission or a county or municipality may grant a variance from a general permit standard if the variance is found to be in the public interest.

(d) A county or municipality may by ordinance adopt standards for solar energy generating systems that are more stringent than standards in commission rules or in the commission's permit standards. The commission, when considering a permit application for a solar energy generating system in a jurisdiction that has assumed permitting authority under this section, shall consider and apply the jurisdiction's more stringent standards unless the commission finds good cause to not apply the standards.

(e) The commission and the commissioner of commerce shall provide technical assistance to a county or municipality with respect to the processing of site permit applications for solar energy generating systems under this section.

(f) This section does not exempt applicants from the requirements under section 216E.021.

Sec. 31. Minnesota Statutes 2014, section 453A.02, subdivision 5, is amended to read:

Subd. 5. **Gas.** "Gas" means either natural or synthetic gas, including propane, manufactured gas, methane from coal beds, geothermal gas, or any mixture thereof, whether in gaseous or liquid form, or any by-product resulting therefrom.

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

Page 75, after line 2, insert:

"Sec. 33. **STUDY OF NET METERING COSTS AND BENEFITS.**

(a) The commissioner of commerce shall prepare a report on the costs and benefits to participating and nonparticipating customers of net metering in Minnesota.

(b) The report must, to the extent practicable, include:

(1) the value of energy and its delivery, generation capacity, transmission capacity, transmission and distribution line losses, and environmental and carbon reduction value. The Department of Commerce may, based on known and measurable evidence of the cost or benefit of solar operation and other distributed generation resources to the utility, incorporate other values into the methodology, including credit for locally manufactured or assembled energy systems, systems installed at high-value locations on the distribution grid, or other factors;

(2) the effects and impacts on different utility types and customer classes;

(3) consultation with stakeholders having experience and expertise in power systems, solar energy, distributed generation resources, and electric utility ratemaking regarding the proposed methodology, underlying assumptions, and preliminary data;

(4) an analysis of any incidence of cost shifting or benefits to nonparticipants; and

(5) recommendations for methods by which utilities may account for the benefits or costs, including recovery.

(c) The commissioner shall report the findings of the study to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over energy policy by March 1, 2016.

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

Sec. 34. **REPEALER.**

Minnesota Statutes 2014, section 216C.436, subdivision 6, is repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Senator Marty imposed a call of the Senate for the balance of the proceedings on H.F. No. 1437. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Marty amendment to the Tomassoni amendment.

The roll was called, and there were yeas 30 and nays 33, as follows:

Those who voted in the affirmative were:

Bakk	Dahle	Hawj	Lourey	Schmit
Bonoff	Dibble	Hoffman	Marty	Sheran
Carlson	Dziedzic	Johnson	Pappas	Sieben
Champion	Eaton	Kent	Reinert	Torres Ray
Clausen	Franzen	Koenen	Rest	Wiger
Cohen	Goodwin	Latz	Scalze	Wiklund

Those who voted in the negative were:

Anderson	Hall	Metzen	Petersen, B.	Stumpf
Benson	Hann	Miller	Pratt	Thompson
Chamberlain	Hayden	Nelson	Rosen	Tomassoni
Dahms	Ingebrigtsen	Newman	Saxhaug	Weber
Eken	Jensen	Ortman	Senjem	Westrom
Fischbach	Kiffmeyer	Osmek	Skoe	
Gazelka	Limmer	Pederson, J.	Sparks	

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

Senator Marty moved to amend the Tomassoni amendment to H.F. No. 1437 as follows:

Page 73, delete section 22

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the second Marty amendment to the Tomassoni amendment.

The roll was called, and there were yeas 26 and nays 37, as follows:

Those who voted in the affirmative were:

Bonoff	Dibble	Hayden	Reinert	Wiger
Carlson	Dziedzic	Hoffman	Rest	Wiklund
Champion	Eaton	Latz	Scalze	
Clausen	Franzen	Marty	Sheran	
Cohen	Goodwin	Pappas	Sieben	
Dahle	Hawj	Petersen, B.	Torres Ray	

Those who voted in the negative were:

Anderson	Hall	Limmer	Pederson, J.	Stumpf
Bakk	Hann	Lourey	Pratt	Thompson
Benson	Ingebrigtsen	Metzen	Rosen	Tomassoni
Chamberlain	Jensen	Miller	Saxhaug	Weber
Dahms	Johnson	Nelson	Schmit	Westrom
Eken	Kent	Newman	Senjem	
Fischbach	Kiffmeyer	Ortman	Skoe	
Gazelka	Koenen	Osmek	Sparks	

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

Senator Marty moved to amend the Tomassoni amendment to H.F. No. 1437 as follows:

Page 68, delete section 19

Re-number the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the third Marty amendment to the Tomassoni amendment.

The roll was called, and there were yeas 28 and nays 32, as follows:

Those who voted in the affirmative were:

Bakk	Clausen	Dziedzic	Hawj	Lourey
Bonoff	Cohen	Eaton	Hayden	Marty
Carlson	Dahle	Franzen	Hoffman	Pappas
Champion	Dibble	Goodwin	Latz	Reinert

Rest	Schmit	Sieben	Wiger
Scalze	Sheran	Torres Ray	Wiklund

Those who voted in the negative were:

Anderson	Hall	Koenen	Pratt	Thompson
Benson	Hann	Metzen	Rosen	Tomassoni
Chamberlain	Ingebrigtsen	Miller	Saxhaug	Weber
Dahms	Jensen	Nelson	Senjem	Westrom
Eken	Johnson	Osmek	Skoe	
Fischbach	Kent	Pederson, J.	Sparks	
Gazelka	Kiffmeyer	Petersen, B.	Stumpf	

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

The question was taken on the adoption of the Tomassoni amendment.

The roll was called, and there were yeas 32 and nays 31, as follows:

Those who voted in the affirmative were:

Bakk	Fischbach	Kent	Osmek	Sparks
Bonoff	Hawj	Kiffmeyer	Pratt	Stumpf
Champion	Hayden	Koenen	Reinert	Tomassoni
Cohen	Hoffman	Lourey	Rosen	Weber
Dahle	Ingebrigtsen	Metzen	Saxhaug	
Dahms	Jensen	Miller	Schmit	
Dziedzic	Johnson	Nelson	Skoe	

Those who voted in the negative were:

Anderson	Eken	Limmer	Ruud	Westrom
Benson	Franzen	Marty	Scalze	Wiger
Carlson	Gazelka	Ortman	Senjem	Wiklund
Chamberlain	Goodwin	Pappas	Sheran	
Clausen	Hall	Pederson, J.	Sieben	
Dibble	Hann	Petersen, B.	Thompson	
Eaton	Latz	Rest	Torres Ray	

The motion prevailed. So the amendment was adopted.

H.F. No. 1437 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 34 and nays 29, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Ingebrigtsen	Miller	Sheran
Bakk	Dziedzic	Jensen	Nelson	Skoe
Bonoff	Fischbach	Johnson	Osmek	Sparks
Champion	Gazelka	Kent	Pederson, J.	Stumpf
Cohen	Hawj	Koenen	Reinert	Tomassoni
Dahle	Hayden	Lourey	Rosen	Weber
Dahms	Hoffman	Metzen	Saxhaug	

Those who voted in the negative were:

Benson	Franzen	Limmer	Pratt	Sieben
Carlson	Goodwin	Marty	Rest	Torres Ray
Chamberlain	Hall	Newman	Ruud	Westrom
Clausen	Hann	Ortman	Scalze	Wiger
Eaton	Kiffmeyer	Pappas	Schmit	Wiklund
Eken	Latz	Petersen, B.	Senjem	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Koenen moved that his name be stricken as a co-author to S.F. No. 699. The motion prevailed.

Senator Pratt moved that his name be stricken as chief author, shown as a co-author, and the name of Senator Bakk be added as chief author to S.F. No. 699. The motion prevailed.

Senator Bakk moved that H.F. No. 748 be withdrawn from the Committee on Capital Investment, given a second reading, and placed on General Orders. The motion prevailed.

H.F. No. 748 was read the second time.

**H.F. No. 748:** A bill for an act relating to disaster assistance; appropriating money for relief.

### SUSPENSION OF RULES

Senator Bakk moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to H.F. No. 748 and that the rules of the Senate be so far suspended as to give H.F. No. 748, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

Senator Bakk moved to amend H.F. No. 748 as follows:

Delete everything after the enacting clause and insert:

#### "ARTICLE 1

#### APPROPRIATIONS

##### Section 1. CAPITAL IMPROVEMENT APPROPRIATIONS.

The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of a capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, money appropriated in this act for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642. Unless otherwise specified in this act, money appropriated in this act for activities under Minnesota Statutes, sections 16B.307, 84.946, and 135A.046, should not be used for projects that can be financed within a reasonable time frame under Minnesota Statutes, section 16B.322 or 16C.144.

#### APPROPRIATIONS

##### Sec. 2. UNIVERSITY OF MINNESOTA

Subdivision 1. **Total Appropriation** **\$ 8,529,000**

To the Board of Regents of the University of Minnesota for the purposes specified in this section.

Subd. 2. **Minnesota Poultry Testing Laboratory - Willmar** **8,529,000**

To design, construct, furnish, and equip the expansion and renovation of the laboratory, including facility upgrades to substantially improve the laboratory's efficiency and ability to meet testing requirements, respond to avian influenza and other diseases of poultry, and effectively serve its client base.

Sec. 3. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation** **\$ 10,000,000**

(a) To the commissioner of natural resources for the purposes specified in this section.

(b) The appropriations in this section are subject to the requirements of the natural resources capital improvement program under Minnesota Statutes, section 86A.12, unless this section or the statutes referred to in this section provide more specific standards, criteria, or priorities for projects than Minnesota Statutes, section 86A.12.

Subd. 2. **Flood Hazard Mitigation** **10,000,000**

(a) For the state share of flood hazard mitigation grants for publicly owned capital improvements to prevent or alleviate flood damage under Minnesota Statutes, section 103F.161.

(b) Levee projects, to the extent practical, shall meet the state standard of three feet above the 100-year flood elevation.

(c) This appropriation is for a grant to Otter Tail County for publicly owned capital improvements to address flooding and high-water conditions on Little McDonald

Lake, Devil's Lake, Kerbs Lake, and Paul Lake.

(d) For any project listed in this subdivision that the commissioner determines is not ready to proceed or does not expend all the money allocated to it, the commissioner may allocate that project's money to a project on the commissioner's priority list.

(e) To the extent that the cost of a project exceeds two percent of the median household income in a municipality or township multiplied by the number of households in the municipality or township, this appropriation is also for the local share of the project.

### **Subd. 3. Unspent Appropriations**

The unspent portion of an appropriation for a project in this section that is complete, upon written notice to the commissioner of management and budget, is available for asset preservation under Minnesota Statutes, section 84.946. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

### **Sec. 4. BOARD OF WATER AND SOIL RESOURCES**

#### **Subdivision 1. Total Appropriation**

**\$ 1,000,000**

To the Board of Water and Soil Resources for the purposes specified in this section.

#### **Subd. 2. Area II Minnesota River Basin**

**1,000,000**

For grants to local governments in Area II of the Minnesota River Basin to acquire, design, and construct floodwater retention systems. This appropriation is not available until the board determines that \$1 has been committed from nonstate sources for every \$3 of state grant.

### **Sec. 5. ADMINISTRATION**

#### **Subdivision 1. Total Appropriation**

**\$ 40,124,000**

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Capitol Restoration**

33,924,000

To complete the design of, and to construct, repair, improve, renovate, restore, furnish, and equip the expanded restoration elements of the State Capitol Building and grounds, and any associated asbestos and hazardous materials abatement, including but not limited to: (1) water infiltration, settlement, and deterioration on the plaza, terrace, and stairs; (2) visitor access and bus loading and unloading; (3) decorative painting; (4) cove molding; (5) accessibility, safety, and security for the South Loggia; (6) landscaping on Lot O; (7) modifications to Aurora Avenue; and (8) other items as needed to meet the guiding principles established by the Capitol Preservation Commission of architectural integrity, functionality, and life-safety. This appropriation is also to predesign, design, construct, furnish, and equip a below-grade parking facility on Lot N adjacent to the Capitol building and complete on-grade landscaping to eliminate surface parking adjacent to the Capitol building for security purposes. The parking facility must include a pedestrian corridor connected to the University Avenue tunnel to help provide an ADA accessibility route from the Rice Street light rail station and bus stop to the Capitol building.

**Subd. 3. Contingency for Capitol Site Security Enhancements**

6,200,000

To complete the design of, and to construct, repair, furnish, and equip, including associated asbestos and hazardous materials abatement, if any, physical security improvements for the Capitol grounds bordered by Aurora Avenue to the South, University Avenue to the North, Cedar Street to the East, and the Rev. Dr. Martin Luther King Jr. Boulevard to the West. The commissioner of administration must

submit site security design elements to the Capitol Preservation Commission and may not proceed with those elements until the commission approves site security design elements.

Sec. 6. **TRANSPORTATION**

Subdivision 1. **Total Appropriation**

**\$ 20,400,000**

To the commissioner of transportation for the purposes specified in this section.

Subd. 2. **Local Bridge Replacement and Rehabilitation**

**8,000,000**

From the bond proceeds account in the state transportation fund to match federal money and to replace or rehabilitate local deficient bridges as provided in Minnesota Statutes, section 174.50.

Subd. 3. **Local Road Improvement Fund Grants**

**6,700,000**

From the bond proceeds account in the state transportation fund as provided in Minnesota Statutes, section 174.50, for construction and reconstruction of local roads with statewide or regional significance under Minnesota Statutes, section 174.52, subdivision 4, or for grants to counties to assist in paying the costs of rural road safety capital improvement projects on county state-aid highways under Minnesota Statutes, section 174.52, subdivision 4a.

This appropriation includes money for a grant to the city of Sandstone for predesign, design, engineering, and construction of a road extending south off of marked Trunk Highway 23 across from Lundorff Drive to the airport area, and including a bridge over Skunk Creek in Sandstone, in order to facilitate repurposing of an area of the airport into a business park. This appropriation is not available until the commissioner of management and budget determines that sufficient resources to complete the project are committed to it from other sources,

including any funds made available from the commissioner of transportation.

**Subd. 4. Minnesota Valley Regional Railroad Authority**

1,000,000

For a grant to the Minnesota Valley Regional Rail Authority for the rehabilitation of a portion of the railroad track between Winthrop and Hanley Falls. The grant under this subdivision may also be used for any required environmental documentation and remediation, predesign, design, and rehabilitation or replacement of bridges with new bridges or culverts between Winthrop and Hanley Falls. A grant under this section is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62. This appropriation is in addition to the appropriations in Laws 2006, chapter 258, section 16, subdivision 6; Laws 2008, chapter 179, section 16, subdivision 5; Laws 2009, chapter 93, article 1, section 11, subdivision 4; and Laws 2010, chapter 189, section 15, subdivision 5.

**Subd. 5. Highway Rail Grade Separations**

4,700,000

For a grant to the city of Plymouth, to construct a highway-rail grade separation of the Canadian Pacific railroad crossing and Vicksburg Lane, associated retaining wall, and grading of the embankments, all in the city of Plymouth. This appropriation is not available until the commissioner of management and budget determines that an amount sufficient to complete the project is committed from nonstate sources.

**Sec. 7. CORRECTIONS**

**Subdivision 1. Total Appropriation**

\$ 1,200,000

To the commissioner of administration for the purposes specified in this section.

**Subd. 2. Northeast Regional Corrections Center**

1,200,000

For a grant to the Arrowhead Regional Corrections Joint Powers Board to demolish an existing facility and to design, construct, furnish, and equip a replacement food processing facility on the campus of the Northeast Regional Corrections Center, to meet health, safety, and security standards required for compliance with Minnesota Rules, chapter 2911. Nonstate contributions to improvements at the center made before or after the enactment of this subdivision are considered to be sufficient match, and no further nonstate match is required.

**Subd. 3. Unspent Appropriations**

The unspent portion of an appropriation for a project in this section that is complete, upon written notice to the commissioner of management and budget, is available for asset preservation under Minnesota Statutes, section 16B.307, at the same correctional facility as the project for which the original appropriation was made. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

**Sec. 8. PUBLIC FACILITIES AUTHORITY**

**Subdivision 1. Total Appropriation** **\$ 10,000,000**

To the Public Facilities Authority for the purposes specified in this section.

**Subd. 2. Wastewater Infrastructure Funding Program** **10,000,000**

For grants to eligible municipalities under the wastewater infrastructure funding program under Minnesota Statutes, section 446A.072.

**Sec. 9. MINNESOTA HOUSING FINANCE AGENCY** **\$ 5,300,000**

For transfer to the housing development fund to finance the costs of rehabilitation to preserve public housing under Minnesota Statutes, section 462A.202, subdivision 3a.

For purposes of this section, "public housing" means housing for low-income persons and households financed by the federal government and owned and operated by the public housing authorities and agencies formed by cities and counties. Public housing authorities receiving a public housing assessment composite score of 80 or above are eligible to receive funding. Priority must be given to proposals that maximize federal or local resources to finance the capital costs. The priority in Minnesota Statutes, section 462A.202, subdivision 3a, for projects to increase the supply of affordable housing and the restrictions of Minnesota Statutes, section 462A.202, subdivision 7, do not apply to this appropriation.

Sec. 10. **BOND SALE EXPENSES**

\$ 90,000

To the commissioner of management and budget from the bond proceeds fund for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Sec. 11. **BOND SALE.**

Subdivision 1. **Bond Proceeds Fund.** To provide the money appropriated in this article from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$74,743,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Transportation Fund.** To provide the money appropriated in this article from the state transportation fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$14,700,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 12. **BOND SALE SCHEDULE.**

The commissioner of management and budget shall schedule the sale of state general obligation bonds and state appropriation bonds so that, during the biennium ending June 30, 2017, no more than \$1,259,864,000 will need to be transferred from the general fund to the state bond fund or to the state appropriation bond fund to pay principal and interest due and to become due on outstanding state general obligation and state appropriation bonds. During the biennium, before each sale of state general obligation or state appropriation bonds, the commissioner of management and budget shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold.

The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 13. Minnesota Statutes 2014, section 240A.09, is amended to read:

**240A.09 PLAN DEVELOPMENT; CRITERIA.**

The Minnesota Amateur Sports Commission shall develop a plan to promote the development of proposals for new statewide public ice facilities including proposals for ice centers and matching grants based on the criteria in this section.

(a) For ice center proposals, the commission will give priority to proposals that come from more than one local government unit. Institutions of higher education are not eligible to receive a grant.

(b) The commission must give priority to grant applications for indoor air quality improvements and projects that eliminate R-22. For purposes of this section:

(1) "indoor air quality improvements" means: (i) renovation or replacement of heating, ventilating, and air conditioning systems in existing indoor ice arenas whose ice resurfacing and ice edging equipment are not powered by electricity in order to reduce concentrations of carbon monoxide and nitrogen dioxide; and (ii) acquisition of zero-emission ice resurfacing and ice edging equipment. The new or renovated systems may include continuous electronic air monitoring devices to automatically activate the ventilation systems when the concentration of carbon monoxide or nitrogen dioxide reaches a predetermined level; and

(2) "projects that eliminate R-22," means replacement of ice-making systems in existing public facilities that use R-22 as a refrigerant, with systems that use alternative non-ozone-depleting refrigerants.

(c) In the metropolitan area as defined in section 473.121, subdivision 2, the commission is encouraged to give priority to the following proposals:

- (1) proposals for construction of two or more ice sheets in a single new facility;
- (2) proposals for construction of an additional sheet of ice at an existing ice center;
- (3) proposals for construction of a new, single sheet of ice as part of a sports complex with multiple sports facilities; and
- (4) proposals for construction of a new, single sheet of ice that will be expanded to a two-sheet facility in the future.

(d) The commission shall administer a site selection process for the ice centers. The commission shall invite proposals from cities or counties or consortia of cities. A proposal for an ice center must include matching contributions including in-kind contributions of land, access roadways and access roadway improvements, and necessary utility services, landscaping, and parking.

(e) Proposals for ice centers and matching grants must provide for meeting the demand for ice time for female groups by offering up to 50 percent of prime ice time, as needed, to female groups. For purposes of this section, prime ice time means the hours of 4:00 p.m. to 10:00 p.m. Monday to Friday and 9:00 a.m. to 8:00 p.m. on Saturdays and Sundays.

(f) The location for all proposed facilities must be in areas of maximum demonstrated interest and must maximize accessibility to an arterial highway.

(g) To the extent possible, all proposed facilities must be dispersed equitably, must be located to maximize potential for full utilization and profitable operation, and must accommodate noncompetitive family and community skating for all ages.

(h) The commission may also use the money to upgrade current facilities, purchase girls' ice time, or conduct amateur women's hockey and other ice sport tournaments.

(i) To the extent possible, 50 percent of all grants must be awarded to communities in greater Minnesota.

(j) To the extent possible, technical assistance shall be provided to Minnesota communities by the commission on ice arena planning, design, and operation, including the marketing of ice time and on projects described in paragraph (b).

(k) A grant for new facilities may not exceed \$250,000.

(l) The commission may make grants for rehabilitation and renovation. A rehabilitation or renovation grant for air quality may not exceed \$200,000 and a rehabilitation or renovation grant for R-22 elimination may not exceed \$50,000 for indirect cooling systems and may not exceed \$400,000 for direct cooling systems. Priority must be given to grant applications for indoor air quality improvements, including zero emission ice resurfacing equipment, and for projects that eliminate R-22.

(m) Grant money may be used for ice centers designed for sports other than hockey.

(n) Grant money may be used to upgrade existing facilities to comply with the bleacher safety requirements of section 326B.112.

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

Sec. 14. Laws 2008, chapter 179, section 16, subdivision 5, as amended by Laws 2014, chapter 294, article 2, section 10, is amended to read:

**Subd. 5. Minnesota Valley Railroad Track Rehabilitation**

3,000,000

For a grant to the Minnesota Valley Regional Rail Authority to rehabilitate a portion of railroad track from Norwood-Young America to Hanley Falls. The grant under this subdivision may also be used for predesign, design, engineering, and rehabilitation or replacement of bridges with new bridges or culverts between Norwood-Young America and Hanley Falls. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization for this project and appropriation of bond proceeds in this subdivision are available until December 31,

~~2015~~ 2017. A grant under this subdivision is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

Sec. 15. Laws 2009, chapter 93, article 1, section 11, subdivision 4, as amended by Laws 2014, chapter 294, article 2, section 11, is amended to read:

**Subd. 4. Minnesota Valley Railroad Track Rehabilitation**

4,000,000

For a grant to the Minnesota Valley Regional Railroad Authority to rehabilitate up to 95 miles of railroad track from Norwood-Young America to Hanley Falls. The grant under this subdivision may also be used for predesign, design, engineering, and rehabilitation or replacement of bridges with new bridges or culverts between Norwood-Young America and Hanley Falls. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization for this project and appropriation of bond proceeds in this subdivision are available until December 31, ~~2015~~ 2017. A grant under this subdivision is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

Sec. 16. Laws 2010, chapter 189, section 15, subdivision 5, as amended by Laws 2014, chapter 294, article 2, section 12, is amended to read:

**Subd. 5. Minnesota Valley Railroad Track Rehabilitation**

5,000,000

For a grant to the Minnesota Valley Regional Rail Authority to rehabilitate and make capital improvements to railroad track from east of Gaylord to Winthrop. The grant under this subdivision may also be used for predesign, design, engineering, and rehabilitation or replacement of bridges with new bridges or culverts between Gaylord and Winthrop. Notwithstanding Minnesota Statutes, section 16A.642, the bond sale authorization for this project and appropriation of bond proceeds in this

subdivision are available until December 31, ~~2015~~ 2017. A grant under this subdivision is in addition to any grant, loan, or loan guarantee for this project made by the commissioner under Minnesota Statutes, sections 222.46 to 222.62.

Sec. 17. Laws 2012, chapter 293, section 3, subdivision 18, is amended to read:

**Subd. 18. Southwest Minnesota State University,  
Marshall**

**Science Lab Renovation**

500,000

(a) To complete design for renovation of the Science and Math building and classroom spaces and an addition to the Plant Science building.

(b) Having abandoned the project specified in paragraph (a), the unspent portion of this appropriation is available for higher education asset preservation and replacement on the campus of Southwest Minnesota State University, Marshall, and the debt service requirement under subdivision 20 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 18. Laws 2013, chapter 136, section 4, as amended by Laws 2014, chapter 294, article 2, section 19, is amended to read:

**Sec. 4. VETERANS AFFAIRS**

**\$ 18,935,000**

(a) Of this amount, up to \$1,750,000 is to the commissioner of administration to: (1) construct a new distribution and service tunnel to serve Buildings 17 north and 18 and the future Building 17 south; and (2) construct steam and electrical connections, related infrastructure, site work, a canopy with vestibule, and required modifications to Building 18 drop-off and entry. This appropriation is not available until the commissioner of management and budget has determined that at least \$5,000,000 has been

committed from federal sources. Any unused funds may be used under paragraph (b).

(b) The remainder of this amount is to the commissioner of administration to complete the design of, perform hazardous materials abatement for, and demolish the south wing of Building 17 and adjoining buildings; design, reconstruct, and furnish the new south wing of Building 17 and adjoining buildings as a new skilled nursing building; construct a new distribution and service tunnel to serve buildings 6, 19, and the future 17 south; and design, construct, and equip a network and server room, including installation of new fiber optic lines. This appropriation is not available until the commissioner of management and budget has determined that the funds to complete this work have been committed from federal sources.

(c) The unexpended balance from the appropriation in Laws 2012, chapter 293, section 19, subdivision 3, to predesign and design for demolition of the south wing of Building 17 and adjoining facilities, and designing the south wing of Building 17 as a new skilled nursing building, is added to this appropriation.

Sec. 19. Laws 2014, chapter 294, article 1, section 4, subdivision 3, is amended to read:

	2,000,000
<b>Subd. 3. Library Construction Grants</b>	<u>1,950,000</u>

(a) For library construction grants under Minnesota Statutes, section 134.45.

(b) \$570,000 of this appropriation is for a grant to the city of Jackson to predesign, design, construct, furnish, and equip the renovation and expansion of the city library. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources.

(c) \$257,000 of this appropriation is for a grant to the city of Perham to predesign,

design, construct, furnish, and equip the renovation of the city library. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources.

~~(d) \$50,000 of this appropriation is for a grant to the city of Bagley for capital improvements to the city's library. This appropriation is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources.~~

Sec. 20. Laws 2014, chapter 294, article 1, section 15, subdivision 2, is amended to read:

**Subd. 2. Cottage Grove - HERO Center**

1,460,000

For a grant to the city of Cottage Grove to predesign and design a Health and Emergency Response Occupations (HERO) Center at 12600 Ravine Parkway in Cottage Grove. This appropriation is not available until the commissioner of management and budget determines that the city of Cottage Grove and the ~~Board of Trustees of the Minnesota State Colleges and Universities city of Woodbury~~ have entered into an agreement for operation and management of the center, and that at least an equal amount is committed to the project from nonstate sources. This appropriation does not require any contribution from nonstate sources.

Sec. 21. Laws 2014, chapter 294, article 1, section 16, subdivision 9, is amended to read:

**Subd. 9. International Falls - Airport**

2,200,000

For a grant to the International Falls-Koochiching County Airport Commission to demolish a portion of the existing terminal building; site preparation, including an electrical room or building, utilities, and site civil work; design, construct, furnish, and equip Phase I of a new terminal building, jetway, and associated appurtenances of a capital nature at the Falls

~~International Airport. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount has been committed to the project from nonstate sources to serve the following purposes: ticketing, baggage, screening, boarding, jet bridge, ground transportation, and associated appurtenances of a capital nature for the traveling and nontraveling public at the Falls International Airport, but not including areas for U.S. Customs and Border Patrol and Transportation Security Administration Offices.~~

Sec. 22. Laws 2014, chapter 294, article 1, section 18, subdivision 3, is amended to read:

**Subd. 3. Minnesota Sex Offender Program - St. Peter**

7,405,000

To design, construct, renovate, furnish, and equip the first phase of a three-phase project to develop additional residential, program, activity, and ancillary facilities for the Minnesota sex offender program on the lower campus of the St. Peter Regional Treatment Center. This appropriation includes funds to complete design, renovate, construct, furnish, and equip the west wing of the Green Acres Building; to design, renovate, construct, furnish, and equip the east wing of the Sunrise Building; to design through construction documents the renovation and construction of the ~~Bartlett Building~~ Tomlinson Building, the north wing of Green Acres, and the west, south, and north wings of the Sunrise Building; and to design and perform asbestos and hazardous materials abatement in the Green Acres and Sunrise Buildings. Upon substantial completion of the first phase of this project, any unspent portion of this appropriation is available to design and to perform asbestos and hazardous materials abatement in subsequent phases.

Sec. 23. Laws 2014, chapter 294, article 1, section 18, subdivision 4, is amended to read:

**Subd. 4. YMCA Minneapolis - Early Childhood Learning and Child Protection Facilities and Other Renovations**

6,000,000

(a) To the commissioner of human services for grants under Minnesota Statutes, section 256E.37, to construct and rehabilitate early childhood learning and child protection facilities. Notwithstanding the limits on grant amounts in Minnesota Statutes, section 256E.37, one grant from this appropriation for an individual facility may be for up to \$1,000,000.

(b) Notwithstanding the limitations on grant amounts and requirements for geographic distribution in Minnesota Statutes, section 256E.37, or this subdivision, \$3,000,000 of this appropriation is for a grant to Hennepin County to predesign, design, renovate, furnish, and equip the early childhood center at the YWCA of Minneapolis, and to improve the building's heating, ventilation, and air conditioning systems, sprinkler system, and pool walls and ceiling. The grant to Hennepin County is not available until the commissioner of management and budget determines that at least an equal amount has been committed to the project from nonstate sources.

Sec. 24. Laws 2014, chapter 294, article 1, section 21, subdivision 3, is amended to read:

**Subd. 3. Alexandria - Redevelopment**

1,400,000

For a grant to the Lakes Area Economic Development Authority to ~~acquire and redevelop~~ for public infrastructure, including water, sanitary sewer, storm water infrastructure, and public road construction at the Jefferson High School site in the city of Alexandria. This appropriation is not available until the commissioner of management and budget determines that at least ~~\$2,600,000~~ \$1,400,000 is committed to the project from nonstate sources. The value of 6.7 acres of land at the site owned by the Lakes Area Economic Development

Authority shall count toward the nonstate match.

Sec. 25. Laws 2014, chapter 294, article 1, section 21, subdivision 10, is amended to read:

**Subd. 10. Lake Elmo - Water Supply** 3,500,000

For a grant to the city of Lake Elmo to construct an extension of approximately 2.5 miles of trunk water main and associated improvements along ~~Lake Elmo~~ Inwood Avenue to facilitate development along the Interstate Highway 94 corridor and comply with growth requirements under an agreement with the Metropolitan Council.

Sec. 26. Laws 2014, chapter 294, article 1, section 21, subdivision 12, is amended to read:

**Subd. 12. Minneapolis - Brian Coyle Community Center** 330,000

(a) For a grant to the Minneapolis Park and Recreation Board to predesign and design the renovation and expansion of the Brian Coyle Community Center, subject to Minnesota Statutes, section 16A.695. This appropriation does not require a local match.

(b) The Minneapolis Park and Recreation Board, the Pillsbury United Communities, Hennepin County, institutions of higher education, and neighborhood organizations shall develop an agreement for the use of the existing Brian Coyle Community Center. The lease between the Minneapolis Park and Recreation Board and Pillsbury United Communities shall be reformed prior to the expenditure of any funds for predesign and design.

(c) The appropriation under this subdivision may also be used toward the renovation and expansion of the Brian Coyle Community Center.

Sec. 27. Laws 2014, chapter 294, article 1, section 21, subdivision 13, is amended to read:

**Subd. 13. Minneapolis - Hennepin Center for the Arts** 550,000

For a grant to ~~the city of Minneapolis~~ Hennepin County for improvements and betterments of a capital nature to renovate the historic Hennepin Center for the Arts. Of this appropriation, approximately \$300,000 is for predesign and design of asset preservation improvements, and \$250,000 is to match federal funding to replace and replicate the historic cupolas on the Historic Masonic Temple of the Hennepin Center for the Arts.

Sec. 28. Laws 2014, chapter 294, article 1, section 21, subdivision 16, is amended to read:

**Subd. 16. Red Wing - River Renaissance**

1,560,000

For a grant to the city of Red Wing for improvements of a capital nature to the area between Levee Road and the Mississippi River, extending between Bay Point Drive and Broad Street in Red Wing. This project includes: reconstruction of Levee Road from Broad Street to Jackson Street; improvements to storm water, sanitary sewer, and drinking water infrastructure; replacement of a 930 lineal feet of harbor retaining wall; parking improvements; lighting improvements; and construction of a segment of the Riverwalk Trail. This grant is not available until the commissioner of management and budget determines that an equal amount sufficient to complete the project is committed to it from nonstate sources.

Sec. 29. Laws 2014, chapter 294, article 1, section 21, subdivision 18, is amended to read:

**Subd. 18. St. Paul - Historic Palace Theater Renovation**

5,000,000

For a grant to the ~~city of~~ St. Paul Housing and Redevelopment Authority to predesign, design, construct, furnish, and equip the renovation of the historic Palace Theater in St. Paul. ~~The city of St. Paul Housing and Redevelopment Authority~~ may enter into one or more lease or management agreements to operate performing arts programs, subject to Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner of management and budget has

determined that at least an equal amount has been committed from nonstate sources.

Sec. 30. Laws 2014, chapter 294, article 1, section 21, subdivision 23, is amended to read:

**Subd. 23. Virginia - Highway 53 Utilities Relocation**

19,500,000

(a) \$500,000 of this appropriation is for a grant to the city of Virginia Public Utilities Commission to acquire land, predesign, design, construct, furnish, and equip an electrical substation along or within six miles of the relocated U.S. Highway 53 in Virginia as part of relocating the electrical utilities. This appropriation fully funds the project described in this paragraph and meets the requirements in Minnesota Statutes, section 16A.502, that the project be fully funded. This appropriation does not require a nonstate match.

(b) \$19,000,000 of this appropriation is for:

(1) a grant to the city of Virginia Public Utilities Commission to acquire land, predesign, design, construct, furnish, and equip relocated storm water, sanitary sewer, water, electrical, and gas utilities along or near within six miles of the relocated U.S. Highway 53 in Virginia, St. Louis County Eveleth, Gilbert, and Fayal Township;

(2) a grant to the city of Virginia to acquire land, predesign, construct, furnish, and equip relocated storm water and sanitary sewer along or within six miles of the relocated U.S. Highway 53 in Virginia, Eveleth, Gilbert, and Fayal Township; and

(~~2~~) (3) a grant to the St. Louis and Lake Counties Regional Railroad Authority to acquire land, predesign, design, construct, furnish, and equip trails to handle bicycles, pedestrians, snowmobiles, and ATVs along or near within six miles of the relocated U.S. Highway 53 in Virginia, St. Louis County Eveleth, Gilbert, and Fayal Township. This appropriation does not require a nonstate match.

Sec. 31. Laws 2014, chapter 295, section 10, subdivision 12, is amended to read:

Subd. 12. **St. Paul - Minnesota Children's Museum**

7,485,000

For a grant to the city of St. Paul to predesign, design, construct, furnish, and equip an expansion and renovation of the Minnesota Children's Museum. The expansion and exhibit upgrades should incorporate the latest research on early learning, allow for new state-of-the art education facilities, and increase the capacity of visitors to galleries and programming areas. This appropriation is not available until the commissioner of management and budget has determined that at least an equal amount \$4,000,000 has been committed from nonstate sources. Amounts expended for this project by nonstate sources since October 1, 2010, shall count toward the nonstate match.

Sec. 32. **FEDERAL REIMBURSEMENT; MCQUADE HARBOR.**

All money received by the state from the United States Army Corps of Engineers as reimbursement for state capital expenditures at McQuade Harbor, estimated to be \$1,605,775, must be credited to the bond proceeds fund and are appropriated to the commissioner of natural resources to: (1) design and renovate the marina at Knife River; (2) improve the boat launch at the safe harbor at Grand Marais; or (3) for site cleanup, design, and construction of facilities at the proposed small craft harbor in Two Harbors. Project priorities shall be determined by the commissioner as appropriate. This appropriation is available until June 30, 2019.

Sec. 33. **MINNEAPOLIS COMMUNITY AND TECHNICAL COLLEGE; SALE OF AVIATION TRAINING CENTER.**

Notwithstanding Minnesota Statutes, section 16A.695, subdivision 3, the net proceeds of the sale or disposition of the Aviation Training Center at the Flying Cloud Airport operated by the Minneapolis Community and Technical College, after paying all expenses incurred in selling the property, are appropriated to the Board of Trustees of the Minnesota State Colleges and Universities for use pursuant to Minnesota Statutes, section 135A.046, at the Minneapolis Community and Technical College campus and the net proceeds need not be paid to the commissioner of management and budget, as would otherwise be required by Minnesota Statutes, section 16A.695, subdivision 3. When the sale is complete and the sale proceeds have been applied as provided in this section, Minnesota Statutes, section 16A.695, no longer applies to the property and the property is no longer state bond financed property.

Sec. 34. **WEST METRO EDUCATION PROGRAM; PROPERTY CONVEYANCE.**

Subdivision 1. **FAIR School downtown.** Notwithstanding the appropriations of state general obligation bond proceeds in Laws 1994, chapter 643, section 14, subdivision 7, and Laws 1998,

chapter 404, section 5, subdivision 5, as amended by Laws 1999, chapter 241, article 4, section 20; and the appropriation of general fund money in Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 13, to Joint Powers District No. 6069, West Metro Education Program, to acquire and better the FAIR School downtown in Minneapolis, the real and personal property of the FAIR School downtown may be conveyed to Special School District No. 1, Minneapolis, for operation of a multidistrict integration facility that serves students in any grade from early education through grade 12.

Subd. 2. **FAIR School Crystal.** Notwithstanding the appropriation of state general obligation bond proceeds in Laws 1998, chapter 404, section 5, subdivision 5, as amended by Laws 1999, chapter 241, article 4, section 20; and the appropriation of general fund money in Laws 1997, First Special Session chapter 4, article 2, section 51, subdivision 13, and Laws 2000, chapter 492, article 1, section 5, subdivision 2, to Joint Powers District No. 6069, West Metro Education Program, to acquire and better the FAIR School Crystal in Crystal, the real and personal property of the FAIR School Crystal may be conveyed to Independent School District No. 281, Robbinsdale, for operation of a multidistrict integration facility that serves students in any grade from early education through grade 12.

**Sec. 35. CONVEYANCE OF STATE LAND; HENNEPIN COUNTY.**

Subdivision 1. **Conveyance authorized.** Notwithstanding Minnesota Statutes, sections 16A.695 and 16B.281 to 16B.287, or other law, administrative rule, or commissioner's order to the contrary, the commissioner of administration may convey to Hennepin County for no consideration the real property described in subdivision 3. The commissioner of administration may add conditions to the conveyance of the property deemed to be in the interest of the state. Notwithstanding any provision of this section to the contrary, the real property shall continue to be considered state bond financed property after the conveyance of the real property to Hennepin County and until all the requirements are satisfied for the real property to no longer be considered state bond financed property. Hennepin County must operate the state bond financed property in compliance with Minnesota Statutes, section 16A.695, and all applicable state and federal laws, and in a manner that will not cause the interest on the state general obligation bonds to be subject to federal income taxation for any reason.

Subd. 2. **Form.** The conveyance shall be in a form approved by the attorney general. The attorney general may make changes to the legal description to correct errors and ensure accuracy.

Subd. 3. **Description.** The real property to be conveyed is located in Hennepin County and is described as: Lots 12, 13, and 14, Block 2, BISCHOFF 1ST ADDITION, Hennepin County, Minnesota.

Subd. 4. **Determination by commissioner.** The commissioner has determined that the real property described in subdivision 3 is no longer needed for any state purpose and that the state's land management interests are best served if the land is conveyed to and used by Hennepin County for community-based services.

**Sec. 36. EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 2**  
**DISASTER RELIEF**

Section 1. **DISASTER RELIEF APPROPRIATIONS.**

Subdivision 1. **Appropriations.** The sums shown in the column under "Appropriations" are appropriated from the bond proceeds fund to be spent to acquire and to better publicly owned land and buildings and other public improvements of a capital nature, and from other named funds, for relief as specified in this article from the storms and flooding that occurred on or after June 11, 2014, in the area in Minnesota designated under Presidential Declaration of a Major Disaster FEMA-4182-DR, whether included in the original declarations or added later by federal government action, referred to in this article as "the area included in DR-4182." Unless otherwise specified, money appropriated in this article for a capital program or project may be used to pay state agency staff costs that are attributed directly to the capital program or project in accordance with accounting policies adopted by the commissioner of management and budget. Unless otherwise specified, the appropriations from the general fund in this article are for fiscal year 2016 and are available the day following final enactment through June 30, 2018. Appropriations of bond proceeds for capital improvements are available the day following final enactment and until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642. The appropriations in this article are onetime.

Subd. 2. **Transfers.** Money appropriated under this article may be transferred as provided in Minnesota Statutes, section 12A.03, subdivision 5.

**APPROPRIATIONS**

Sec. 2. **TRANSPORTATION; LOCAL ROAD AND BRIDGE RECONSTRUCTION**

**\$ 800,000**

From the bond proceeds account in the state transportation fund for grants under Minnesota Statutes, sections 12A.16, subdivision 3, and 174.50, to local governments in the area included in DR-4182.

Sec. 3. **MINNESOTA HISTORICAL SOCIETY**

**\$ 100,000**

To the Minnesota Historical Society for a grant to the city of Jordan for an assessment of the damage and repair of historic structures or other historic resources under Minnesota Statutes, section 12A.11. This appropriation is from the general fund.

Sec. 4. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation**

**\$ 5,155,000**

To the commissioner of natural resources for the purposes specified in Minnesota Statutes,

section 12A.12. The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Facility and Natural Resource Damage** 2,140,000

From the bond proceeds fund for the purposes specified in Minnesota Statutes, section 12A.12, subdivision 1.

**Subd. 3. Flood Hazard Mitigation Grants** 3,015,000

For the purposes specified in Minnesota Statutes, section 12A.12, subdivision 2. Funds are also available for the local share of flood mitigation projects. This appropriation includes funds for a grant to the Prior Lake-Spring Lake Watershed District for restoration of the Prior Lake outlet channel. Of this amount, \$2,515,000 is from the bond proceeds fund and \$500,000 is from the general fund.

**Sec. 5. BOARD OF WATER AND SOIL RESOURCES**

**Subdivision 1. Total Appropriation** \$ 15,000,000

To the Board of Water and Soil Resources for the purposes specified in Minnesota Statutes, section 12A.05. The amounts that may be spent for each purpose are specified in the following subdivisions.

**Subd. 2. Reinvest in Minnesota (RIM) Conservation Easements** 4,700,000

From the bond proceeds fund for the purposes specified in Minnesota Statutes, section 12A.05, subdivision 1, in the area included in DR-4182. The duration of the easements shall be perpetual.

**Subd. 3. Erosion, Sediment, and Water Quality Control Cost-Share Program** 10,300,000

From the general fund for the purposes specified in Minnesota Statutes, section 12A.05, subdivision 2, in the area included in DR-4182. Priority use of these funds shall

be to supplement or match federal funds whenever possible and practical.

**Sec. 6. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT**

**\$ 100,000**

Notwithstanding Minnesota Statutes, section 12A.03, subdivision 3, from the general fund for a grant to the Children's Museum of Southern Minnesota for flood loss incurred by the museum.

**Sec. 7. BOND SALE EXPENSES**

**\$ 11,000**

From the bond proceeds fund to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

**Sec. 8. BOND SALE AUTHORIZATIONS.**

Subdivision 1. **Bond proceeds fund.** To provide the money appropriated in this article from the bond proceeds fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$9,366,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. **Transportation fund.** To provide the money appropriated in this article from the state transportation fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$800,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

**Sec. 9. APPROPRIATIONS TO BE GIVEN EFFECT ONLY ONCE.**

If an appropriation in this article is enacted more than once in the 2015 legislative session for the same purpose, the appropriation must be given effect only once.

**Sec. 10. EFFECTIVE DATE.**

This article is effective the day following final enactment.

**ARTICLE 3**

**TRUNK HIGHWAY BONDING**

**Section 1. BOND APPROPRIATION.**

\$140,000,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of transportation for trunk highway design, engineering, construction, reconstruction, and improvement, including design-build and construction manager at risk contracts and consultant usage to support these activities.

Sec. 2. **BOND SALE EXPENSES.**

\$140,000 is appropriated from the bond proceeds account in the trunk highway fund to the commissioner of management and budget for bond sale expenses under Minnesota Statutes, sections 16A.641, subdivision 8, and 167.50, subdivision 4, and is effective through fiscal year 2025.

Sec. 3. **BOND SALE AUTHORIZATION.**

To provide the money appropriated in this article from the bond proceeds account in the trunk highway fund, the commissioner of management and budget shall sell and issue bonds of the state in an amount up to \$140,140,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received from the sale of the bonds, must be deposited in the bond proceeds account in the trunk highway fund.

Sec. 4. **EFFECTIVE DATE.**

This article is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

H.F. No. 748 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 54 and nays 10, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Pederson, J.	Sieben
Benson	Eaton	Kent	Pratt	Skoe
Bonoff	Eken	Kiffmeyer	Reinert	Sparks
Carlson	Franzen	Koenen	Rest	Stumpf
Chamberlain	Gazelka	Latz	Rosen	Tomassoni
Champion	Goodwin	Lourey	Ruud	Torres Ray
Clausen	Hann	Marty	Saxhaug	Weber
Cohen	Hawj	Miller	Scalze	Westrom
Dahle	Hayden	Nelson	Schmit	Wiger
Dahms	Hoffman	Nienow	Senjem	Wiklund
Dibble	Ingebrigtsen	Pappas	Sheran	

Those who voted in the negative were:

Anderson	Hall	Metzen	Ortman	Petersen, B.
Fischbach	Limmer	Newman	Osmek	Thompson

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Bakk moved that S.F. No. 2143 be withdrawn from the Committee on Rules and Administration, given a second reading, and placed on General Orders. The motion prevailed.

S.F. No. 2143 was read the second time.

**S.F. No. 2143:** A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2014, section 62L.02, subdivision 11.

#### **SUSPENSION OF RULES**

Senator Bakk moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2143 and that the rules of the Senate be so far suspended as to give S.F. No. 2143, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

#### **MEMBERS EXCUSED**

Senator Brown was excused from the Session of today. Senator Stumpf was excused from the Session of today from 1:00 to 1:15 p.m. Senator Housley was excused from the Session of today at 7:00 p.m.

#### **ADJOURNMENT**

Senator Bakk moved that the Senate do now adjourn until 12:00 noon, Tuesday, March 8, 2016. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate