

THIRTIETH DAY

St. Paul, Minnesota, Wednesday, March 15, 2017

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Edwin DuBose.

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

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

| | | | | |
|--------------|-----------|--------------|---------|------------|
| Abeler | Dziedzic | Ingebrigtsen | Lourey | Senjem |
| Anderson, B. | Eaton | Isaacson | Marty | Simonson |
| Anderson, P. | Eichorn | Jasinski | Mathews | Sparks |
| Bakk | Eken | Jensen | Miller | Tomassoni |
| Benson | Fischbach | Johnson | Nelson | Torres Ray |
| Carlson | Franzen | Kent | Newman | Utke |
| Chamberlain | Frentz | Kiffmeyer | Newton | Weber |
| Champion | Gazelka | Klein | Osmek | Westrom |
| Clausen | Goggin | Koran | Pappas | Wiger |
| Cohen | Hall | Laine | Pratt | Wicklund |
| Cwodzinski | Hawj | Lang | Relph | |
| Dahms | Hayden | Latz | Rosen | |
| Dibble | Hoffman | Limmer | Ruud | |
| Draheim | Housley | Little | Schoen | |

The President declared a quorum present.

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

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Reports at the Desk be now adopted, with the exception of the reports on S.F. Nos. 1472 and 1241. The motion prevailed.

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

S.F. No. 1224: A bill for an act relating to local government; requiring notice of proposed ordinances that affect business licenses; amending Minnesota Statutes 2016, section 375.51, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 415.

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

Delete everything after the enacting clause and insert:

"Section 1. [415.19] NOTICE OF PROPOSED ORDINANCES TO BUSINESSES.

(a) If a statutory or home rule charter city posts ordinances on the city Web site, the city must also post proposed ordinances on the Web site.

(b) If a statutory or home rule charter city has an e-mail address from which it sends notices or city information, the city must allow businesses to sign up for e-mail notification of proposed ordinances. At least ten days before the statutory or home rule charter city holds an initial hearing on an ordinance, the city must notify, by e-mail, any business that has signed up for e-mail notification. If e-mail notification is available, the statutory or home rule charter city must notify a business of the notification procedure any time a business applies for a new license or for a license renewal. If the statutory or home rule charter city does not have an e-mail address from which it sends notices or city information, the city must post the notification of the proposed ordinance in the same location as other public notices are posted. Failure to provide notice described in this section does not invalidate the ordinance.

(c) The requirements in this section are minimum requirements. A city may provide more notice if it has the ability to do so."

Amend the title as follows:

Page 1, line 2, delete "that affect" and insert "to businesses;"

Page 1, line 3, delete "business licenses;"

Amend the title numbers accordingly

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

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

S.F. No. 1399: A bill for an act relating to local government; modifying the business hours of county license bureaus; amending Minnesota Statutes 2016, section 373.38.

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

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

S.F. No. 1135: A bill for an act relating to local government; making technical changes to Ramsey County human resources statutes; amending Minnesota Statutes 2016, section 383A.289, subdivision 3; repealing Minnesota Statutes 2016, section 383A.295, subdivision 3.

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

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

S.F. No. 1855: A bill for an act relating to local government; authorizing Ramsey County to select positions for a supported work program; amending Minnesota Statutes 2016, section 383A.288, subdivision 1, by adding a subdivision.

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

Page 1, delete section 1

Page 1, line 18, after the period, insert "Any position filled pursuant to this subdivision is exempt from the requirements of subdivision 1."

Renumber the sections in sequence

Amend the title numbers accordingly

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

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

S.F. No. 2008: A bill for an act relating to commerce; modifying price marking requirements for retail merchandise; amending Minnesota Statutes 2016, section 325F.53, subdivision 1.

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

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

S.F. No. 1445: A bill for an act relating to commerce; regulating landscape application contracts; providing an exclusion; amending Minnesota Statutes 2016, section 325F.245, subdivision 6.

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

Page 1, line 15, after "provided" insert "and without any cancellation penalty"

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

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

S.F. No. 1087: A bill for an act relating to environment; modifying permitting requirements; providing expedited environmental-review billing options; modifying reclamation appeal provisions; eliminating Environmental Quality Board and reassigning duties; amending Minnesota Statutes 2016, sections 3.886, subdivision 4; 13.7411, subdivision 9; 18B.045; 18E.06; 84.027, subdivisions 14a, 14b, by adding subdivisions; 93.50; 103A.204; 103B.101, subdivision 9; 103B.151; 103B.315, subdivision 5; 103H.151, subdivision 4; 103H.175, subdivision 3; 115A.32; 115A.33; 115A.34; 115A.35; 115A.36; 115A.37; 115A.38, subdivisions 1, 3; 115A.39; 115B.20, subdivision 6; 116.03, subdivision 2b, by adding a subdivision; 116.07, subdivision 4d, by adding subdivisions; 116C.74, subdivision 2; 116C.91, by adding a subdivision; 116C.92; 116C.94; 116C.95; 116C.96; 116C.97; 116C.99, subdivisions 2, 3; 116C.991; 116C.992; 116D.04, subdivisions 2a, 3a, 5b, 10, 13, 14; 116D.045, subdivision 1; 116F.06, subdivision 2; 216B.243, subdivision 7; 216C.18, subdivision 2; repealing Minnesota Statutes 2016, sections 103A.403; 103A.43; 103F.614; 116C.02; 116C.03, subdivisions 1, 2, 2a, 3a, 4, 5, 6; 116C.04, subdivisions 1, 2, 3, 4, 7, 10, 11; 116C.06; 116C.08; 116C.71, subdivisions 1c, 2a; 116C.721; 116C.722; 116C.724, subdivisions 2, 3; 116C.91, subdivision 2; 116G.03, subdivision 2.

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

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

S.F. No. 737: A bill for an act relating to environment; providing for compliance with effluent limitations under certain conditions; requiring rulemaking.

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

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

S.F. No. 603: A bill for an act relating to public employment; clarifying limits on severance pay to highly compensated public employees; amending Minnesota Statutes 2016, section 43A.17, subdivision 11.

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

Page 1, line 10, after "179A" insert "or a compensation plan authorized under section 43A.18, subdivision 3a"

Page 2, line 14, delete the period and insert ", provided that the following highly compensated employees are not eligible for severance pay:"

Page 2, after line 14, insert:

"(1) a commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, including the state chief information officer; and

(2) any unclassified employee who is also a public official, as defined in section 10A.01, subdivision 35."

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

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

S.F. No. 1394: A bill for an act relating to Iron Range resources and rehabilitation; modifying duties of the commissioner; amending Minnesota Statutes 2016, sections 15.38, subdivision 7; 116J.423, subdivision 2; 116J.424; 216B.161, subdivision 1; 276A.01, subdivisions 8, 17; 282.38, subdivision 1; 298.001, subdivision 8; 298.22, subdivisions 1, 1a, 5a, 6, 10, 11; 298.221; 298.2211, subdivision 3; 298.223, subdivisions 1, 2; 298.227; 298.28, subdivisions 7a, 9d; 298.292, subdivision 2; 298.296, subdivisions 1, 2, 4; 298.2961, subdivisions 2, 4; 298.46, subdivision 2; 477A.17; Laws 2010, chapter 216, section 58, as amended; repealing Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213, subdivisions 4, 5, 6; 298.298.

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

Page 7, line 3, strike "Ironworld" and insert "Minnesota"

Page 7, line 4, reinstate the stricken language and delete the new language

Page 7, line 9, delete "a recommendation" and insert "approval"

Page 7, line 10, reinstate the stricken language

Page 17, lines 15 and 16, reinstate the stricken language

Page 23, line 30, delete "2017" and insert "2018"

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

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

S.F. No. 2060: A bill for an act relating to state government; prohibiting members and employees of the Minnesota Sports Facilities Authority and the Minnesota Ballpark Authority from giving gifts to certain officials; amending Minnesota Statutes 2016, section 10A.071, subdivisions 2, 3.

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

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

S.F. No. 888: A bill for an act relating to housing; establishing a first-time home buyer savings account program; authorizing establishment of accounts; allowing for income tax subtractions for contributions and earnings on the account; appropriating money; amending Minnesota Statutes 2016, sections 290.0131, by adding a subdivision; 290.0132, by adding a subdivision; 290.06, by adding a subdivision; 290.091, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 462D.

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

Senator Newman from the Committee on Transportation Finance and Policy, to which was re-referred

S.F. No. 1280: A bill for an act relating to taxation; petroleum; dedicating revenues from the aviation taxes on gasoline used as a substitute for aviation gasoline to the state airports fund; allowing the aviation tax refund to commercial pesticide applicators; amending Minnesota Statutes 2016, sections 296A.01, by adding a subdivision; 296A.07, subdivision 4; 296A.09, subdivisions 1, 3, 5, 6; 296A.15, subdivisions 1, 4; 296A.17, subdivisions 1, 2, 3; 296A.18, subdivisions 1, 8; 296A.19, subdivision 1; repealing Minnesota Rules, part 8125.1300, subpart 3.

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

Senator Newman from the Committee on Transportation Finance and Policy, to which was referred

S.F. No. 1564: A bill for an act relating to transportation; designating a segment of marked Trunk Highway 65 in Isanti County as Chip A. Imker Memorial Highway; amending Minnesota Statutes 2016, section 161.14, by adding a subdivision.

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

Senator Newman from the Committee on Transportation Finance and Policy, to which was re-referred

S.F. No. 70: A bill for an act relating to taxation; special fuels; modifying the tax rate on compressed natural gas; amending Minnesota Statutes 2016, sections 296A.01, subdivision 12; 296A.08, subdivision 2.

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

Senator Ingebrigtsen, for Senator Limmer, from the Committee on Judiciary and Public Safety Finance and Policy, to which was referred

S.F. No. 1099: A bill for an act relating to public safety; clarifying that peace officers are permitted to carry their firearms within private establishments; amending Minnesota Statutes 2016, section 624.714, subdivision 17.

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

Senator Ingebrigtsen, for Senator Limmer, from the Committee on Judiciary and Public Safety Finance and Policy, to which was referred

S.F. No. 1197: A bill for an act relating to civil actions; regulating interest on verdicts, awards, and judgments; amending Minnesota Statutes 2016, section 549.09, subdivision 1.

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

Page 2, line 18, strike the old language

Page 2, line 19, strike everything before "the interest"

Page 3, line 9, strike "(3)"

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

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

S.F. No. 654: A bill for an act relating to human services; making policy and technical changes to the nursing facility payment system; requiring a report; amending Minnesota Statutes 2016, sections 144.0724, subdivision 6; 256B.431, subdivision 30, by adding a subdivision; 256B.434, subdivision 4; 256B.50, subdivision 1b; 256R.02, subdivisions 4, 17, 18, 19, 22, 42, 52, by adding subdivisions; 256R.07, by adding a subdivision; 256R.10, by adding a subdivision; 256R.12, by adding a subdivision; 256R.37; 256R.40, subdivisions 1, 5; 256R.41; 256R.47; 256R.49; proposing coding for new law in Minnesota Statutes, chapter 256R.

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

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

S.F. No. 1184: A bill for an act relating to health; modifying and adding definitions; establishing standards for the substitution of biological products; amending Minnesota Statutes 2016, sections 151.01, subdivision 5, by adding subdivisions; 151.21.

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

Page 3, line 20, strike everything after the period

Page 3, strike lines 21 and 22

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

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

S.F. No. 1616: A bill for an act relating to human services; establishing a contingent, alternate medical assistance payment method for children's hospitals; amending Minnesota Statutes 2016, section 256.969, subdivisions 4b, 9.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 256.969, is amended by adding a subdivision to read:

Subd. 2e. **Alternate inpatient payment rate.** (a) If the days, costs, and revenues associated with patients who are eligible for medical assistance and also have private health insurance are required to be included in the calculation of the hospital-specific disproportionate share hospital payment limit for a rate year, then the commissioner, effective retroactively from rate years beginning on or after January 1, 2015, shall compute an alternate inpatient payment rate for a Minnesota hospital that is designated as a children's hospital and enumerated as such by Medicare. The commissioner shall reimburse the hospital for a rate year at the higher of the amount calculated under the alternate payment rate or the amount calculated under subdivision 9.

(b) The alternate payment rate must meet the criteria in clauses (1) to (4):

(1) the alternate payment rate shall be structured to target a total aggregate reimbursement amount equal to two percent less than each children's hospital's cost coverage percentage in the applicable base year for providing fee-for-service inpatient services under this section to patients enrolled in medical assistance;

(2) costs shall be determined using the most recently available medical assistance cost report provided under subdivision 4b, paragraph (a), clause (3), for the applicable base year. Costs shall be determined using standard Medicare cost finding and cost allocation methods and applied in the same manner as the costs were in the rebasing for the applicable base year. If the medical assistance cost report is not available, costs shall be determined in the interim using the Medicare cost report;

(3) in any rate year in which payment to a hospital is made using the alternate payment rate, no payments shall be made to the hospital under subdivision 9; and

(4) if the alternate payment amount increases payments at a rate that is higher than the inflation factor applied over the rebasing period, the commissioner shall take this into consideration when setting payment rates at the next rebasing.

Sec. 2. Minnesota Statutes 2016, section 256.969, subdivision 4b, is amended to read:

Subd. 4b. **Medical assistance cost reports for services.** (a) A hospital that meets one of the following criteria must annually submit to the commissioner medical assistance cost reports within six months of the end of the hospital's fiscal year:

(1) a hospital designated as a critical access hospital that receives medical assistance payments;
or

(2) a Minnesota hospital or out-of-state hospital located within a Minnesota local trade area that receives a disproportionate population adjustment under subdivision 9; or

(3) a Minnesota hospital that is designated as a children's hospital and enumerated as such by Medicare.

For purposes of this subdivision, local trade area has the meaning given in subdivision 17.

(b) The commissioner shall suspend payments to any hospital that fails to submit a report required under this subdivision. Payments must remain suspended until the report has been filed with and accepted by the commissioner.

EFFECTIVE DATE. This section is effective retroactively from January 1, 2015."

Amend the title numbers accordingly

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

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

S.F. No. 1492: A bill for an act relating to human services; setting requirements for competitive bidding and managed care procurement; amending Minnesota Statutes 2016, section 256B.69, by adding a subdivision.

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

Delete everything after the enacting clause and insert:

"Section 1. **LEGISLATIVE COMMISSION ON MANAGED CARE.**

Subdivision 1. **Establishment.** (a) A legislative commission is created to study and make recommendations to the legislature on issues relating to the competitive bidding program and procurement process for the medical assistance and MinnesotaCare contracts with managed care organizations for nonelderly, nondisabled adults and children enrollees.

(b) For purposes of this section, "managed care organization" means a demonstration provider as defined under Minnesota Statutes, section 256B.69, subdivision 2.

Subd. 2. **Membership.** (a) The commission consists of:

(1) four members of the senate, two members appointed by the senate majority leader and two members appointed by the senate minority leader;

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

(3) the commissioner of human services or the commissioner's designee.

(b) The ranking senator from the majority party appointed to the commission shall convene the first meeting no later than September 1, 2017.

(c) The commission shall elect a chair among its members at the first meeting.

Subd. 3. **Staff.** The commissioner of human services shall provide staff and administrative and research services, as needed, to the commission.

Subd. 4. **Duties.** (a) The commission shall study, review, and make recommendations on the competitive bidding process for the managed care contracts that provide services to the nonelderly, nondisabled adults and children enrolled in medical assistance and MinnesotaCare. When reviewing the competitive bidding process, the commission shall consider and make recommendations on the following:

(1) the number of geographic regions to be established for competitive bidding and each procurement cycle and the criteria to be used in determining the minimum number of managed care organizations to serve each region or statistical area;

(2) the specifications of the request for proposals, including whether managed care organizations must address in their proposals priority areas identified by counties;

(3) the criteria to be used to determine whether managed care organizations will be requested to provide a best and final offer;

(4) the evaluation process that the commissioner must consider when evaluating each proposal, including the scoring weight to be given when there is a county board resolution identifying a managed care organization preference, and whether consideration shall be given to network adequacy for such services as dental, mental health, and primary care;

(5) the notification process to inform managed care organizations about the award determinations, but before the contracts are signed;

(6) process for appealing the commissioner's decision on the selection of a managed care plan or county-based purchasing plan in a county or counties; and

(7) whether an independent evaluation of the competitive bidding process is necessary, and if so, what the evaluation should entail.

(b) The commissioner shall consider the frequency of the procurement process in terms of how often the commissioner should conduct the procurement of managed care contracts and whether

procurement should be conducted on a statewide basis or at staggered times for a limited number of counties within a specified region.

(c) The commission shall review proposed legislation that incorporates new federal regulations into managed care statutes, including the recodification of the managed care requirements in Minnesota Statutes, sections 256B.69 and 256B.692.

(d) The commission shall study, review, and make recommendations on a process that meets federal regulations for ensuring that provider rate increases passed by the legislature and incorporated into the capitated rates paid to managed care organizations are recognized in the rates paid by the managed care organizations to the providers while still providing managed care organizations the flexibility in negotiating rates paid to their provider networks.

(e) The commission shall consult with interested stakeholders and may solicit public testimony, as deemed necessary.

Subd. 5. **Report.** (a) The commission shall report its recommendations to the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance by February 15, 2018.

(b) The commission shall provide preliminary recommendations to the commissioner of human services to be used by the commissioner if the commissioner decides to conduct a procurement for managed care contracts for the 2019 contract year.

Subd. 6. **Expiration.** This section expires June 30, 2018."

Amend the title accordingly

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

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

S.F. No. 815: A bill for an act relating to health licensing; making the medical faculty license permanent; repealing Minnesota Statutes 2016, section 147.0375, subdivision 7.

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

Page 1, after line 4, insert:

"Section 1. **APPROPRIATION.**

\$1,000 in fiscal year 2018 and \$1,000 in fiscal year 2019 are appropriated from the state government special revenue fund to the Board of Medical Practice for licensing activities under Minnesota Statutes, section 147.0375."

Renumber the sections in sequence

Amend the title accordingly

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

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

S.F. No. 1472: A bill for an act relating to health; providing for attorney general review and approval of conversions by nonprofit health care entity organizations; specifying notice and review requirements; establishing standards for distribution of certain assets; amending Minnesota Statutes 2016, section 317A.811, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 62D.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 317A.811, subdivision 1, is amended to read:

Subdivision 1. **When required.** (a) Except as provided in subdivision 6, the following corporations shall notify the attorney general of their intent to dissolve, merge, or consolidate, or to transfer all or substantially all of their assets:

(1) a corporation that holds assets for a charitable purpose as defined in section 501B.35, subdivision 2, which includes a health maintenance organization operating under chapter 62D and a service plan corporation operating under chapter 62C; or

(2) a corporation that is exempt under section 501(c)(3) of the Internal Revenue Code of 1986, or any successor section.

(b) The notice must include:

(1) the purpose of the corporation that is giving the notice;

(2) a list of assets owned or held by the corporation for charitable purposes;

(3) a description of restricted assets and purposes for which the assets were received;

(4) a description of debts, obligations, and liabilities of the corporation;

(5) a description of tangible assets being converted to cash and the manner in which they will be sold;

(6) anticipated expenses of the transaction, including attorney fees;

(7) a list of persons to whom assets will be transferred, if known;

(8) the purposes of persons receiving the assets; and

(9) the terms, conditions, or restrictions, if any, to be imposed on the transferred assets.

The notice must be signed on behalf of the corporation by an authorized person.

Sec. 2. Minnesota Statutes 2016, section 317A.811, is amended by adding a subdivision to read:

Subd. 1a. **Nonprofit health care entity; notice and approval required.** A corporation that is a health maintenance organization or a service plan corporation is subject to notice and approval requirements for certain transactions under section 317A.814.

Sec. 3. **[317A.814] NONPROFIT HEALTH CARE ENTITY CONVERSIONS.**

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

(b) "Commissioner" means the commissioner of commerce if the nonprofit health care entity at issue is a service plan corporation operating under chapter 62C, and the commissioner of health if the nonprofit health care entity at issue is a health maintenance organization operating under chapter 62D.

(c) "Conversion benefit entity" means a foundation, corporation, limited liability company, trust, partnership, or other entity that receives public benefit assets, or their value, in connection with a conversion transaction.

(d) "Conversion transaction" or "transaction" means a transaction in which a nonprofit health care entity merges, consolidates, converts, or transfers all or a substantial portion of its assets to an entity that is not a nonprofit corporation organized under this chapter that is also exempt under United States Code, title 26, section 501(c)(3). The substitution of a new corporate member that transfers the control, responsibility for, or governance of a nonprofit health care entity is also considered a transaction for purposes of this section.

(e) "Family member" means a spouse, parent, or child or other legal dependent.

(f) "Nonprofit health care entity" means a service plan corporation operating under chapter 62C and a health maintenance organization operating under chapter 62D.

(g) "Public benefit assets" means the entirety of a nonprofit health care entity's assets, whether tangible or intangible.

(h) "Related organization" has the meaning given in section 317A.011.

Subd. 2. **Private inurement.** A nonprofit health care entity must not enter into a conversion transaction if a person who has been an officer, director, or other executive of the nonprofit health care entity, or of a related organization, or a family member of that person:

(1) has or will receive any compensation or other financial benefit, directly or indirectly, in connection with the conversion transaction;

(2) has held or will hold, regardless of whether guaranteed or contingent, an ownership stake, stock, securities, investment, or other financial interest in, or receive any type of compensation or

other financial benefit from, any entity to which the nonprofit health care entity transfers public benefit assets in connection with a conversion transaction; or

(3) has held or will hold, regardless of whether guaranteed or contingent, an ownership stake, stock, securities, investment, or other financial interest in, or receive any type of compensation or other financial benefit from, any entity that has or will have a business relationship with any entity to which the nonprofit health care entity transfers public benefit assets in connection with a conversion transaction.

Subd. 3. **Attorney general notice and approval required.** (a) Before entering into a conversion transaction, the nonprofit health care entity must notify the attorney general as specified under section 317A.811, subdivision 1. The notice required by this subdivision also must include an itemization of the nonprofit health care entity's public benefit assets and the valuation that the entity attributes to those assets, a proposed plan for distribution of the value of those assets to a conversion benefit entity that meets the requirements of subdivision 5, and other information from the health maintenance organization or the proposed conversion benefit entity that the attorney general reasonably considers necessary for review of the proposed transaction.

(b) A copy of the notice and other information required under this subdivision must be given to the commissioner.

Subd. 4. **Review elements.** (a) The attorney general may approve, conditionally approve, or not approve a conversion transaction under this section. In making a decision whether to approve, conditionally approve, or not approve a proposed transaction, the attorney general, in consultation with the commissioner, shall consider any factors the attorney general considers relevant, including whether:

(1) the proposed transaction complies with this chapter and chapter 501B and other applicable laws;

(2) the proposed transaction involves or constitutes a breach of charitable trust;

(3) the nonprofit health care entity will receive full and fair value for its public benefit assets;

(4) the full and fair value of the public benefit assets to be transferred has been manipulated in a manner that causes or has caused the value of the assets to decrease;

(5) the proceeds of the proposed transaction will be used consistent with the public benefit for which the assets are held by the nonprofit health care entity;

(6) the proposed transaction will result in a breach of fiduciary duty, as determined by the attorney general, including whether:

(i) conflicts of interest exist related to payments to or benefits conferred upon officers, directors, board members, and executives of the nonprofit health care entity or a related organization;

(ii) the nonprofit health care entity's board of directors exercised reasonable care and due diligence in deciding to pursue the transaction, in selecting the entity with which to pursue the transaction, and in negotiating the terms and conditions of the transaction; and

(iii) the nonprofit health care entity's board of directors considered all reasonably viable alternatives, including any competing offers for its public benefit assets, or alternative transactions;

(7) the transaction will result in private inurement to any person, including owners, stakeholders, or directors, officers, or key staff of the nonprofit health care entity or entity to which the nonprofit health care entity proposes to transfer public benefit assets;

(8) the conversion benefit entity meets the requirements of subdivision 5; and

(9) the attorney general and the commissioner have been provided with sufficient information by the nonprofit health care entity to adequately evaluate the proposed transaction and the effects on the public, provided the attorney general or the commissioner has notified the nonprofit health care entity or the proposed conversion benefit entity of any inadequacy of the information and has provided a reasonable opportunity to remedy that inadequacy.

In addition, the attorney general shall consider the public comments received regarding the proposed conversion transaction and the proposed transaction's likely effect on the availability, accessibility, and affordability of health care services to the public.

(b) The attorney general must consult with the commissioner in making a decision whether to approve or disapprove a transaction.

Subd. 5. Conversion benefit entity requirements. (a) A conversion benefit entity must be an existing or new domestic nonprofit corporation organized under this chapter and also be exempt under United States Code, title 26, section 501(c)(3).

(b) The conversion benefit entity must be completely independent of any influence or control by the nonprofit health care entity and related organizations, all entities to which the nonprofit health care entity transfers any public benefit assets in connection with a conversion transaction, and the directors, officers, and other executives of those organizations or entities.

(c) The conversion benefit entity must have in place procedures and policies to prohibit conflicts of interest, including but not limited to prohibiting conflicts of interests relating to any grant-making activities that may benefit:

(1) the directors, officers, or other executives of the conversion benefit entity;

(2) any entity to which the nonprofit health care entity transfers any public benefit assets in connection with a conversion transaction; or

(3) any directors, officers, or other executives of any entity to which the nonprofit health care entity transfers any public benefit assets in connection with a conversion transaction.

(d) The charitable purpose and grant-making functions of the conversion benefit entity must be dedicated to meeting the health care needs of the people of this state.

Subd. 6. **Public comment.** Before issuing a decision under subdivision 7, the attorney general may solicit public comment regarding the proposed conversion transaction. The attorney general may hold one or more public meetings or solicit written or electronic correspondence. If a meeting is held, notice of the meeting must be published in a qualified newspaper of general circulation in this state at least seven days before the meeting.

Subd. 7. **Period for approval or disapproval; extension.** (a) Within 150 days of receiving notice of a proposed transaction, the attorney general shall notify the nonprofit health care entity in writing of its decision to approve, conditionally approve, or disapprove the transaction. If the transaction is not approved, the notice must include the reason for the decision. If the transaction is conditionally approved, the notice must specify the conditions that must be met. The attorney general may extend this period for an additional 90 days if necessary to obtain additional information.

(b) The time periods under this subdivision are suspended during the time when a request from the attorney general for additional information is outstanding.

Subd. 8. **Transfer of value of assets required.** If a proposed conversion transaction is approved or conditionally approved by the attorney general, the nonprofit health care entity shall transfer the entirety of the full and fair value of its public benefit assets to one or more conversion benefit entities as part of the transaction.

Subd. 9. **Annual report by conversion benefit entity.** A conversion benefit entity must submit an annual report to the attorney general that contains a detailed description of its charitable activities related to the use of the public benefit assets received under a transaction that is approved under this section.

Subd. 10. **Penalties; remedies.** A conversion transaction entered into in violation of this section is null and void. The attorney general is authorized to bring an action to unwind a conversion transaction entered into in violation of this section and to recover the amount of any private inurement received or held in violation of subdivision 2. In addition to this recovery, the officers, directors, and other executives of each entity that is a party to and materially participated in a conversion transaction entered into in violation of this section may be subject to a civil penalty of up to the greater of either the entirety of any financial benefit each one derived from the transaction, or \$1,000,000, as determined by the court. The attorney general is authorized to enforce this section pursuant to section 8.31.

Subd. 11. **Relation to other law.** (a) This section is in addition to, and does not affect or limit any power, remedy, or responsibility of a health maintenance organization, service plan corporation, a conversion benefit entity, the attorney general, or the commissioner under this chapter, chapter 62C, 62D, 501B, or other law.

(b) Nothing in this section authorizes a nonprofit health care entity to enter into a conversion transaction not otherwise permitted under this chapter."

Delete the title and insert:

"A bill for an act relating to health; providing for attorney general review and approval of conversions by nonprofit health care entity organizations; specifying notice and review requirements; establishing standards for distribution of certain assets; amending Minnesota Statutes 2016, section 317A.811, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 317A."

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

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

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 1241: A bill for an act relating to education finance; authorizing school boards to adopt policies for certain snow days; authorizing e-learning days for school days with inclement weather; amending Minnesota Statutes 2016, sections 120A.41; 126C.05, subdivision 8; proposing coding for new law in Minnesota Statutes, chapter 120A.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 120A.41, is amended to read:

120A.41 LENGTH OF SCHOOL YEAR; HOURS OF INSTRUCTION.

(a) A school board's annual school calendar must include at least 425 hours of instruction for a kindergarten student without a disability, 935 hours of instruction for a student in grades 1 through 6, and 1,020 hours of instruction for a student in grades 7 through 12, not including summer school. The school calendar for all-day kindergarten must include at least 850 hours of instruction for the school year. The school calendar for a prekindergarten student under section 124D.151, if offered by the district, must include at least 350 hours of instruction for the school year. A school board's annual calendar must include at least 165 days of instruction for a student in grades 1 through 11 unless a four-day week schedule has been approved by the commissioner under section 124D.126.

(b) A school board's annual school calendar may include plans for up to five days of instruction provided through online instruction due to inclement weather. The inclement weather plans must be developed according to section 120A.414.

Sec. 2. **[120A.414] E-LEARNING DAYS.**

Subdivision 1. Days. "E-learning day" means a school day where a school offers full access to online instruction provided by students' individual teachers due to inclement weather. A school district or charter school that chooses to have e-learning days may have up to five e-learning days in one school year. An e-learning day is counted as a day of instruction and included in the hours of instruction under section 120A.41. A school district with an e-learning plan may choose not to

have an e-learning day if the district has not reached the number of snow days that would bring the district below the number of instructional hours required under section 120A.41.

Subd. 2. **Plan.** The school board and the exclusive representative of the teachers for that school must agree to the district's e-learning day plan. A charter school may adopt an e-learning day plan after consulting with its teachers and when appropriate, must negotiate with the exclusive representative of the teachers. The plan must include accommodations for students without Internet access at home and for digital device access for families without the technology or an insufficient amount of technology for the number of children in the household. A school's e-learning plan must provide accessible options for students with disabilities, according to chapter 125A. The district or charter school must take into consideration the needs of students eligible for free or reduced-price lunch in developing the plan.

Subd. 3. **Annual notice.** A school district or charter school must notify parents and students of the e-learning day plan at the beginning of the school year.

Subd. 4. **Daily notice.** On an e-learning day declared by the school, a school district or charter school must notify parents and students at least two hours prior to the normal school start time that students need to follow the e-learning day plan for that day.

Subd. 5. **Teacher access.** Each student's teacher must be accessible both online and by school voice mail during normal school hours on an e-learning day to assist students and parents.

EFFECTIVE DATE. This section is effective for the 2017-2018 school year and later.

Sec. 3. Minnesota Statutes 2016, section 126C.05, subdivision 8, is amended to read:

Subd. 8. Average daily membership. (a) Membership for pupils in grades kindergarten through 12 and for prekindergarten pupils with disabilities shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused. However, a pupil, regardless of age, who has been absent from school for 15 consecutive school days during the regular school year or for five consecutive school days during summer school or intersession classes of flexible school year programs without receiving instruction in the home or hospital shall be dropped from the roll and classified as withdrawn. Nothing in this section shall be construed as waiving the compulsory attendance provisions cited in section 120A.22. Average daily membership equals the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days the schools are in session or are providing e-learning days due to inclement weather. Days of summer school or intersession classes of flexible school year programs are only included in the computation of membership for pupils with a disability not appropriately served primarily in the regular classroom. A student must not be counted as more than 1.2 pupils in average daily membership under this section. When the initial total average daily membership exceeds 1.2 for a pupil enrolled in more than one school district during the fiscal year, each district's average daily membership must be reduced proportionately.

(b) A student must not be counted as more than one pupil in average daily membership except for purposes of section 126C.10, subdivision 2a."

And when so amended the bill do pass and be re-referred to the Committee on E-12 Finance.

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

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 1367: A bill for an act relating to education finance; clarifying the nonresident tuition rate for certain court-placed students; amending Minnesota Statutes 2016, section 125A.11, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on E-12 Finance. Report adopted.

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 1346: A bill for an act relating to education; modifying academic standards; establishing child sexual abuse prevention programs; requiring a report; amending Minnesota Statutes 2016, sections 120B.021, subdivision 1; 120B.22, subdivision 2; 120B.23, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 120B.

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

Page 3, line 2, after "with" insert "sexual abuse," and after "violence" insert a comma

Page 3, delete subdivision 2 and insert:

"Subd. 2. **Curriculum.** School districts may consult with other federal, state, or local agencies and community-based organizations, including the Child Information Gateway Web site maintained by the United States Department of Health and Human Services, to identify research-based tools, curricula, and programs to prevent child sexual abuse for use under section 120B.021, subdivision 1, paragraph (d)."

Page 4, line 5, delete "2017" and insert "2019"

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

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 959: A bill for an act relating to education; administration of the federal Child and Adult Care Food Program; amending Minnesota Statutes 2016, section 124D.111, subdivision 2a.

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

Senator Pratt from the Committee on E-12 Policy, to which was referred

S.F. No. 1845: A bill for an act relating to state government; education finance; establishing the early education access fund in the Department of Administration; establishing a director of early education and development within the early education access fund; providing for enhanced coordination of early education and development programs; authorizing early education resource hubs; requiring a report; transferring certain early education programs to the director of early education and development; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 119C.

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

Page 2, delete section 2

Page 2, after line 31, insert:

"(5) evaluate the aid limit under section 119C.04, subdivision 3, and make recommendations to the legislature regarding modifications to the aid limit;"

Page 3, line 1, delete "(5)" and insert "(6)"

Page 3, line 3, delete "(6)" and insert "(7)"

Page 3, line 5, delete "(7)" and insert "(8)"

Page 3, line 7, delete "(8)" and insert "(9)"

Page 3, line 31, after the second "of" insert "the greater of (1) \$10,000, or (2)"

Page 4, line 4, delete everything after "include"

Page 4, line 5, delete everything before "any"

Page 4, delete subdivision 5 and insert:

"Subd. 5. **Early education program aid.** The director shall administer program and child eligibility and program aid amounts for each early education program under this chapter consistent with the statutory provisions for each early education program under this chapter."

Page 4, line 17, delete "2017" and insert "2019"

Renumber the sections in sequence

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

Senator Weber from the Committee on Agriculture, Rural Development, and Housing Policy, to which was referred

S.F. No. 1867: A bill for an act relating to taxation; property; allowing land classified as agricultural homestead and farmed by a beginning farmer to continue to qualify for homestead classification; amending Minnesota Statutes 2016, section 273.124, subdivision 14.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1224, 1399, 1135, 1855, 2008, 1445, 737, 2060, 1564, 70, 1099, 1197, 1184, 1616, and 1346 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Dzedzic and Senjem introduced--

S.F. No. 2113: A bill for an act relating to taxation; sales and use; providing an exemption for certain items covered by health plans and for certain durable medical equipment; amending Minnesota Statutes 2016, section 297A.67, subdivisions 7, 7a.

Referred to the Committee on Taxes.

Senators Weber, Ingebrigtsen, and Dahms introduced--

S.F. No. 2114: A bill for an act relating to environment; appropriating money for county feedlot program.

Referred to the Committee on Environment and Natural Resources Finance.

Senator Schoen introduced--

S.F. No. 2115: A bill for an act relating to retirement; public employees police and fire retirement plan; clarifying plan coverage for certain Hennepin Healthcare System supervisors; amending Minnesota Statutes 2016, section 353.64, subdivision 10.

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

Senators Isaacson and Schoen introduced--

S.F. No. 2116: A bill for an act relating to higher education; appropriating money to North Memorial Hospital for the family practice residency program.

Referred to the Committee on Higher Education Finance and Policy.

Senator Hall introduced--

S.F. No. 2117: A bill for an act relating to uniform acts; voidable transactions; modifying definition of transfer; amending Minnesota Statutes 2016, section 513.41.

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

Senators Hoffman, Schoen, Dziejczak, Frenz, and Abeler introduced--

S.F. No. 2118: A bill for an act relating to health; appropriating money for home visiting services for pregnant and parenting teens.

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

Senator Weber introduced--

S.F. No. 2119: A bill for an act relating to public safety; modifying various standards governing school buses; amending Minnesota Statutes 2016, sections 169.011, subdivision 34; 169.449, subdivision 1; 171.02, subdivision 2b.

Referred to the Committee on Transportation Finance and Policy.

Senator Bakk introduced--

S.F. No. 2120: A bill for an act relating to the legislature; requiring compliance with certain accessibility standards; proposing coding for new law in Minnesota Statutes, chapter 3.

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

Senator Goggin introduced--

S.F. No. 2121: A bill for an act relating to environment; extending ban on open air swine basins; amending Minnesota Statutes 2016, section 116.0714.

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

Senator Kiffmeyer introduced--

S.F. No. 2122: A bill for an act relating to education finance; modifying compensatory education revenue; amending Minnesota Statutes 2016, section 126C.10, subdivision 3.

Referred to the Committee on E-12 Finance.

Senator Wiger introduced--

S.F. No. 2123: A bill for an act relating to employment; modifying school conference and activities leave to include an employee's grandchild; amending Minnesota Statutes 2016, section 181.9412, subdivision 2.

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

Senators Utke and Gazelka introduced--

S.F. No. 2124: A bill for an act relating to taxation; refund and sharing agreements; modifying certain payments to counties; amending Minnesota Statutes 2016, section 270C.19, subdivision 4.

Referred to the Committee on Taxes.

Senator Benson introduced--

S.F. No. 2125: A bill for an act relating to human services; establishing a priority for audits of the Department of Human Services by the legislative auditor; appropriating money; amending Minnesota Statutes 2016, section 3.972, by adding a subdivision.

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

Senator Benson introduced--

S.F. No. 2126: A bill for an act relating to human services; requiring improved oversight of MNsure, medical assistance, and MinnesotaCare eligibility determinations; establishing a special revenue account for savings; requiring savings to be used for long-term care provider rate increases; requiring reports; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Senators Housley and Pratt introduced--

S.F. No. 2127: A bill for an act relating to education; modifying unrequested leave of absence provisions; amending Minnesota Statutes 2016, sections 122A.40, subdivision 10; 122A.41, by adding a subdivision; repealing Minnesota Statutes 2016, sections 122A.40, subdivision 11; 122A.41, subdivision 14.

Referred to the Committee on E-12 Policy.

Senator Nelson introduced--

S.F. No. 2128: A bill for an act relating to education; state government; repealing authority for the Perpich Center for Arts Education to operate the Crosswinds school; directing the commissioner of administration to sell the Crosswinds school facility; providing the proceeds of the Crosswinds school sale be paid as direct aid to the Teachers Retirement Association and the St. Paul Teachers' Retirement Fund Association; amending Minnesota Statutes 2016, section 126C.10, subdivision 2d; repealing Minnesota Statutes 2016, sections 129C.10, subdivision 5a; 129C.30.

Referred to the Committee on E-12 Policy.

Senators Nelson, Chamberlain, and Pratt introduced--

S.F. No. 2129: A bill for an act relating to education; state government; repealing authority for the Perpich Center for Arts Education to operate the Crosswinds school; directing the commissioner of administration to sell the Crosswinds school facility; amending Minnesota Statutes 2016, section 126C.10, subdivision 2d; repealing Minnesota Statutes 2016, sections 129C.10, subdivision 5a; 129C.30.

Referred to the Committee on E-12 Policy.

Senator Nelson introduced--

S.F. No. 2130: A bill for an act relating to education finance; early childhood education; modifying early learning programs' eligibility to accept scholarships; amending Minnesota Statutes 2016, section 124D.165, subdivision 4.

Referred to the Committee on E-12 Policy.

Senator Sparks introduced--

S.F. No. 2131: A bill for an act relating to economic development; appropriating money for sustainable child care in rural Minnesota.

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

Senator Dziejdzic introduced--

S.F. No. 2132: A bill for an act relating to health; requiring postsecondary educational institutions to provide certain information to pregnant students and student parents; establishing a state grant program to fund activities and services to support pregnant students and student parents at postsecondary educational institutions; appropriating money; proposing coding for new law in Minnesota Statutes, chapters 135A; 145.

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

Senator Dziejdzic introduced--

S.F. No. 2133: A bill for an act relating to education finance; exempting the costs of transporting homeless students and students in shelter care facilities from the annual special education aid limit; appropriating money; amending Minnesota Statutes 2016, sections 123B.92, subdivision 1; 125A.76, subdivision 1.

Referred to the Committee on E-12 Finance.

Senator Abeler introduced--

S.F. No. 2134: A bill for an act relating to civil commitment; modifying the priorities for the admission of committed patients to treatment facilities; removing the 48-hour requirement for

admission of patients from jail or a correctional institution; amending Minnesota Statutes 2016, section 253B.10, subdivision 1.

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

Senators Newman and Westrom introduced--

S.F. No. 2135: A bill for an act relating to motor vehicles; amending determination of a single axle for certain motor vehicle weight limits; amending Minnesota Statutes 2016, section 169.822, subdivisions 3, 5.

Referred to the Committee on Transportation Finance and Policy.

Senator Gazelka introduced--

S.F. No. 2136: A bill for an act relating to local government; appropriating money to Wadena County for human services expenditures.

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

Senators Koran, Carlson, Ruud, and Cwodzinski introduced--

S.F. No. 2137: A bill for an act relating to arts and cultural heritage; appropriating money for Midwest Art Conservation Center.

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

Senator Relph introduced--

S.F. No. 2138: A resolution expressing concern over persistent and credible reports of systematic, state-sanctioned, forced organ harvesting from nonconsenting prisoners of conscience, primarily from Falun Gong practitioners imprisoned for their spiritual beliefs, and members of other religious and ethnic minority groups in the People's Republic of China.

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

Senators Anderson, B.; Lang; Goggin; and Relph introduced--

S.F. No. 2139: A bill for an act relating to arts and cultural heritage; appropriating money for Fort Snelling Memorial Chapel.

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

Senators Eaton, Franzen, Torres Ray, Pappas, and Marty introduced--

S.F. No. 2140: A bill for an act relating to state government; establishing the American Indian and Indigenous Peoples Day; proposing coding for new law in Minnesota Statutes, chapter 10.

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

Senator Housley introduced--

S.F. No. 2141: A bill for an act relating to family law; modifying parenting presumptions; amending Minnesota Statutes 2016, sections 518.17, subdivision 1; 518.175, subdivision 1.

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

Senator Osmek introduced--

S.F. No. 2142: A bill for an act relating to higher education; repealing the Regent Candidate Advisory Council; amending Minnesota Statutes 2016, section 137.0246, subdivision 2; repealing Minnesota Statutes 2016, section 137.0245.

Referred to the Committee on Higher Education Finance and Policy.

Senators Tomassoni and Bakk introduced--

S.F. No. 2143: A bill for an act relating to public safety; modifying requirements for certifying firearm instructors in the pistol permit law; amending Minnesota Statutes 2016, section 624.714, subdivision 2a.

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

Senator Frenz introduced--

S.F. No. 2144: A bill for an act relating to higher education; providing loan forgiveness to individuals teaching in agricultural education; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

Referred to the Committee on Higher Education Finance and Policy.

Senator Frenz introduced--

S.F. No. 2145: A bill for an act relating to taxation; property; allowing agricultural classification of land converted from agricultural use for environmental purposes; amending Minnesota Statutes 2016, section 273.13, subdivision 23.

Referred to the Committee on Taxes.

Senators Rosen and Jasinski introduced--

S.F. No. 2146: A bill for an act relating to arts and cultural heritage; appropriating money to complete Waseca County Veterans Memorial.

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

Senators Johnson, Westrom, Simonson, and Marty introduced--

S.F. No. 2147: A bill for an act relating to capital investment; appropriating money for systemwide academic and student experience investments on University of Minnesota campuses; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Eaton, Dibble, and Hayden introduced--

S.F. No. 2148: A bill for an act relating to human services; developing specialized opioid addiction treatment programs; modifying the wholesale drug distributor tax; appropriating money; amending Minnesota Statutes 2016, sections 254B.03, by adding a subdivision; 295.50, by adding a subdivision; 295.52, subdivisions 3, 4.

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

Senators Jasinski and Frentz introduced--

S.F. No. 2149: A bill for an act relating to motor vehicles; authorizing motor vehicle dealers to charge a documentary or document administration fee in certain instances; amending Minnesota Statutes 2016, sections 53C.01, subdivision 2; 168.27, by adding a subdivision.

Referred to the Committee on Transportation Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Anderson, B. moved that the name of Senator Marty be added as a co-author to S.F. No. 1874. The motion prevailed.

Senator Schoen moved that the name of Senator Ingebrigtsen be added as a co-author to S.F. No. 1895. The motion prevailed.

Senator Goggin moved that the name of Senator Pratt be added as a co-author to S.F. No. 1907. The motion prevailed.

Senator Miller moved that the name of Senator Hoffman be added as a co-author to S.F. No. 2066. The motion prevailed.

Senator Clausen moved that the name of Senator Wiger be added as a co-author to S.F. No. 2096. The motion prevailed.

Senator Abeler moved that the name of Senator Wiger be added as a co-author to S.F. No. 2112. The motion prevailed.

Senator Goggin moved that S.F. No. 1351 be withdrawn from the Committee on Environment and Natural Resources Policy and Legacy Finance and re-referred to the Committee on Environment and Natural Resources Finance. The motion prevailed.

Senator Schoen introduced --

Senate Resolution No. 57: A Senate resolution commending the 2017 Stars of Life honorees.

Referred to the Committee on Rules and Administration.

Senator Housley introduced --

Senate Resolution No. 58: A Senate resolution honoring the 50th anniversary of the Powder Puff Clown Club.

Referred to the Committee on Rules and Administration.

Senator Housley introduced --

Senate Resolution No. 59: A Senate resolution honoring Jean L. DeCurtins.

Referred to the Committee on Rules and Administration.

RECESS

Senator Gazelka moved that the Senate do now recess until 6:30 p.m. The motion prevailed.

The hour of 6:30 p.m. having arrived, the President called the Senate to order.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

Senator Ingebrigtsen from the Committee on Environment and Natural Resources Finance, to which was referred

S.F. No. 1542: A bill for an act relating to taxation; establishing the riparian buffer compensation program and riparian protection aid; modifying conversion schedule for construction debris; appropriating money; amending Minnesota Statutes 2016, section 297H.04, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 103F; 477A.

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

Page 3, line 22, after "converted" insert "to"

Page 6, line 5, delete "by September 1, 2017, and by July 1 of each year thereafter" and insert "on or before July 1 each year"

Page 7, line 7, delete "November 1, 2017, and on or before each" and delete "thereafter" and insert "each year"

Page 7, line 9, before the period, insert ", except that the payments for 2017 must be certified on or before August 1, 2017"

Page 7, line 11, before the period, insert ", except that the first riparian protection aid installment for 2017 shall be paid on or before August 31, 2017"

Page 7, line 14, delete "2018" and insert "2017"

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

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

S.F. No. 638: A bill for an act relating to commerce; regulating motor vehicle franchises; specifying warranty and recall obligations; providing unfair practices by manufacturers, distributors, and factory branches; amending Minnesota Statutes 2016, sections 80E.11, subdivision 7; 80E.13; 80E.16, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 80E; repealing Minnesota Statutes 2016, section 80E.04.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 80E.11, subdivision 7, is amended to read:

Subd. 7. **Succession agreements.** ~~Notwithstanding the foregoing,~~ A new motor vehicle dealer may apply to a manufacturer, distributor, or factory branch to designate a proposed dealer operator as a successor dealer to be established in the event of the death or incapacity of the new motor vehicle dealer. A manufacturer, distributor, or factory branch may not deny the proposed successor unless the proposed change would result in executive management control by a person who is not of good moral character or who does not meet the franchisor's existing reasonable capital standards or does not meet the franchisor's uniformly applied minimum business experience standards to be a franchised new motor vehicle dealer. If a manufacturer, distributor, or factory branch determines to deny a dealer's application to name a successor, such denial must be in writing, must offer an explanation of the grounds for the denial addressing the criteria contained in this subdivision, and must be delivered to the new motor vehicle dealer within 90 days after the manufacturer, distributor, or factory branch receives the completed application or documents customarily used by the manufacturer, distributor, or factory branch for dealer actions described in this subdivision. If a

denial that meets the requirements of this subdivision is not sent within the 90-day period, the manufacturer, distributor, or factory branch shall be deemed to have given its consent to the proposed successor. In the event the new motor vehicle dealer and franchisor have duly executed an agreement concerning succession rights prior to the dealer's death, the agreement shall be observed, even if it designates an individual other than the surviving spouse or heirs of the franchised motor vehicle dealer. Notwithstanding the foregoing, the franchisor shall not be required to accept a successor approved or deemed approved under this section if the franchisor can demonstrate that the proposed successor, at the time of the succession, would result in executive management control by a person who is not of good moral character, or who does not meet the franchisor's existing reasonable capital standards, or does not meet the franchisor's uniformly applied minimum business experience standards to be a franchised new motor vehicle dealer.

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

Sec. 2. Minnesota Statutes 2016, section 80E.13, is amended to read:

80E.13 UNFAIR PRACTICES BY MANUFACTURERS, DISTRIBUTORS, FACTORY BRANCHES.

It is unlawful and an unfair practice for a manufacturer, distributor, or factory branch to engage in any of the following practices:

(a) delay, refuse, or fail to deliver new motor vehicles or new motor vehicle parts or accessories in reasonable time and in reasonable quantity relative to the new motor vehicle dealer's facilities and sales potential in the dealer's relevant market area, after having accepted an order from a new motor vehicle dealer having a franchise for the retail sale of any new motor vehicle sold or distributed by the manufacturer or distributor, if the new motor vehicle or new motor vehicle parts or accessories are publicly advertised as being available for delivery or actually being delivered. This clause is not violated, however, if the failure is caused by acts or causes beyond the control of the manufacturer;

(b) refuse to disclose to any new motor vehicle dealer handling the same line make, the manner and mode of distribution of that line make within the relevant market area;

(c) obtain money, goods, service, or any other benefit from any other person with whom the dealer does business, on account of, or in relation to, the transaction between the dealer and the other person, other than for compensation for services rendered, unless the benefit is promptly accounted for, and transmitted to, the new motor vehicle dealer;

(d) increase prices of new motor vehicles which the new motor vehicle dealer had ordered for private retail consumers prior to the dealer's receiving the written official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order if the vehicle is in fact delivered to that customer. In the event of manufacturer price reductions, the amount of any reduction received by a dealer shall be passed on to the private retail consumer by the dealer if the retail price was negotiated on the basis of the previous higher price to the dealer;

(e) offer any refunds or other types of inducements to any new motor vehicle dealer for the purchase of new motor vehicles of a certain line make without making the same offer to all other new motor vehicle dealers in the same line make within geographic areas reasonably determined by the manufacturer;

(f) release to any outside party, except under subpoena or in an administrative or judicial proceeding involving the manufacturer or dealer, any business, financial, or personal information which may be provided by the dealer to the manufacturer, without the express written consent of the dealer or unless pertinent to judicial or governmental administrative proceedings or to arbitration proceedings of any kind;

(g) deny any new motor vehicle dealer the right of free association with any other new motor vehicle dealer for any lawful purpose;

(h) unfairly discriminate among its new motor vehicle dealers with respect to warranty reimbursement or authority granted its new vehicle dealers to make warranty adjustments with retail customers;

(i) compete with a new motor vehicle dealer in the same line make operating under an agreement or franchise from the same manufacturer, distributor, or factory branch. A manufacturer, distributor, or factory branch is considered to be competing when it has an ownership interest, other than a passive interest held for investment purposes, in a dealership of its line make located within the state. A manufacturer, distributor, or factory branch shall not, however, be deemed to be competing when operating a dealership, either temporarily or for a reasonable period, which is for sale to any qualified independent person at a fair and reasonable price, or when involved in a bona fide relationship in which an independent person has made a significant investment subject to loss in the dealership and can reasonably expect to acquire full ownership and full management and operational control of the dealership within a reasonable time on reasonable terms and conditions;

(j) prevent a new motor vehicle dealer from transferring or assigning a new motor vehicle dealership to a qualified transferee. There shall be no transfer, assignment of the franchise, or major change in the executive management of the dealership, except as is otherwise provided in sections 80E.01 to 80E.17, without consent of the manufacturer, which shall not be withheld without good cause. In determining whether good cause exists for withholding consent to a transfer or assignment, the manufacturer, distributor, factory branch, or importer has the burden of proving that the transferee is a person who is not of good moral character or does not meet the franchisor's existing and reasonable capital standards and, considering the volume of sales and service of the new motor vehicle dealer, reasonable business experience standards in the market area. Denial of the request must be in writing and delivered to the new motor vehicle dealer within 60 days after the manufacturer receives the completed application customarily used by the manufacturer, distributor, factory branch, or importer for dealer appointments. If a denial is not sent within this period, the manufacturer shall be deemed to have given its consent to the proposed transfer or change. In the event of a proposed sale or transfer of a franchise, the manufacturer, distributor, factory branch, or importer shall be permitted to exercise a right of first refusal to acquire the franchisee's assets or ownership if:

(1) the franchise agreement permits the manufacturer, distributor, factory branch, or importer to exercise a right of first refusal to acquire the franchisee's assets or ownership in the event of a proposed sale or transfer;

(2) the proposed transfer of the dealership or its assets is of more than 50 percent of the ownership or assets;

(3) the manufacturer, distributor, factory branch, or importer notifies the dealer in writing within 60 days of its receipt of the complete written proposal for the proposed sale or transfer on forms generally utilized by the manufacturer, distributor, factory branch, or importer for such purposes and containing the information required therein and all documents and agreements relating to the proposed sale or transfer;

(4) the exercise of the right of first refusal will result in the dealer and dealer's owners receiving the same or greater consideration with equivalent terms of sale as is provided in the documents and agreements submitted to the manufacturer, distributor, factory branch, or importer under clause (3);

(5) the proposed change of 50 percent or more of the ownership or of the dealership assets does not involve the transfer or sale of assets or the transfer or issuance of stock by the dealer or one or more dealer owners to a family member, including a spouse, child, stepchild, grandchild, spouse of a child or grandchild, brother, sister, or parent of the dealer owner; to a manager who has been employed in the dealership for at least four years and is otherwise qualified as a dealer operator; or to a partnership or corporation owned and controlled by one or more of such persons; and

(6) the manufacturer, distributor, factory branch, or importer agrees to pay the reasonable expenses, including reasonable attorney fees, which do not exceed the usual customary and reasonable fees charged for similar work done for other clients incurred by the proposed new owner and transferee before the manufacturer, distributor, factory branch, or importer exercises its right of first refusal, in negotiating and implementing the contract for the proposed change of ownership or transfer of dealership assets. However, payment of such expenses and attorney fees shall not be required if the dealer has not submitted or caused to be submitted an accounting of those expenses within 20 days after the dealer's receipt of the manufacturer, distributor, factory branch, or importer's written request for such an accounting. The manufacturer, distributor, factory branch, or importer may request such an accounting before exercising its right of first refusal. The obligation created under this clause is enforceable by the transferee;

(k) threaten to modify or replace or modify or replace a franchise with a succeeding franchise that would adversely alter the rights or obligations of a new motor vehicle dealer under an existing franchise or that substantially impairs the sales or service obligations or investments of the motor vehicle dealer;

(l) unreasonably deny the right to acquire factory program vehicles to any dealer holding a valid franchise from the manufacturer to sell the same line make of vehicles, provided that the manufacturer may impose reasonable restrictions and limitations on the purchase or resale of program vehicles to be applied equitably to all of its franchised dealers. For the purposes of this paragraph, "factory program vehicle" has the meaning given the term in section 80E.06, subdivision 2;

(m) fail or refuse to offer to its same line make franchised dealers all models manufactured for that line make, other than alternative fuel vehicles as defined in section 216C.01, subdivision 1b. Failure to offer a model is not a violation of this section if the failure is not arbitrary and is due to a lack of manufacturing capacity, a strike, labor difficulty, or other cause over which the manufacturer, distributor, or factory branch has no control;

(n) require a dealer to pay an extra fee, or remodel, renovate, or recondition the dealer's existing facilities, or purchase unreasonable advertising displays, training, tools, or other materials, or to

require the dealer to establish exclusive facilities or dedicated personnel as a prerequisite to receiving a model or a series of vehicles;

(o) require a dealer by program, incentive provision, or otherwise to adhere to performance standards that are not applied uniformly to other similarly situated dealers.

A performance standard, sales objective, or program for measuring dealership performance that may have a material effect on a dealer, including the dealer's right to payment under any incentive or reimbursement program, and the application of the standard or program by a manufacturer, distributor, or factory branch must be fair, reasonable, equitable, and based on accurate information. Upon written request by any of its franchised dealers located within Minnesota, a manufacturer, distributor, or factory branch must provide the method or formula used by the manufacturer in establishing the sales volumes for receiving a rebate or incentive and the specific calculations for determining the required sales volumes of the inquiring dealer and any of the manufacturer's other Minnesota-franchised new motor vehicle dealers of the same line make located within 75 miles of the inquiring dealer. Nothing contained in this section requires a manufacturer, distributor, or factory branch to disclose confidential business information of any of its franchised dealers or the required numerical sales volumes that any of its franchised dealers must attain to receive a rebate or incentive. An inquiring dealer may file a civil action as provided in section 80E.17 without a showing of injury if a manufacturer, distributor, or factory branch fails to make the disclosure required by this section.

A manufacturer, distributor, or factory branch has the burden of proving that the performance standard, sales objective, or program for measuring dealership performance is fair ~~and~~₂ reasonable, and uniformly applied under this ~~subdivision~~ section;

(p) ~~unreasonably reduce~~ assign or change a dealer's area of sales effectiveness ~~without giving~~ arbitrarily or without due regard to the present pattern of motor vehicle sales and registrations within the dealer's market. The manufacturer, distributor, or factory branch must provide at least 90 days' notice of the proposed ~~reduction~~ change. The change may not take effect if the dealer commences a civil action within the 90 days' notice period to determine whether there is good cause for the change within the 90 days' notice period the manufacturer, distributor, or factory branch met its obligations under this section. The burden of proof in such an action shall be on the manufacturer or distributor. In determining at the evidentiary hearing whether a manufacturer, distributor, or factory branch has assigned or changed the dealer's area of sales effectiveness or is proposing to assign or change the dealer's area of sales effectiveness arbitrarily or without due regard to the present pattern of motor vehicle sales and registrations within the dealer's market, the court may take into consideration the relevant circumstances, including, but not limited to:

(1) the traffic patterns between consumers and the same line make franchised dealers of the affected manufacturer, distributor, or factory branch who are located within the market; or

(2) the pattern of new vehicle sales and registrations of the affected manufacturer, distributor, or factory branch within various portions of the area of sales effectiveness and within the market as a whole;

(3) the growth or decline in population, density of population, and new car registrations in the market;

(4) the presence or absence of natural geographical obstacles or boundaries, such as rivers;

(5) the proximity of census tracts or other geographic units used by the affected manufacturer, factory branch, distributor, or distributor branch in determining same line make dealers' respective areas of sales effectiveness; and

(6) the reasonableness of the change or proposed change to the dealer's area of sales effectiveness, considering the benefits and harm to the petitioning dealer, other same line make dealers, and the manufacturer, distributor, or factory branch;

(q) to charge back, withhold payment, deny vehicle allocation, or take any other adverse action against a dealer when a new vehicle sold by the dealer has been exported to a foreign country, unless the manufacturer, distributor, or factory branch can show that at the time of sale, the customer's information was listed on a known or suspected exporter list made available to the dealer, or the dealer knew or reasonably should have known of the purchaser's intention to export or resell the motor vehicle in violation of the manufacturer's export policy. There is a rebuttable presumption that the dealer did not know or should not have reasonably known that the vehicle would be exported or resold in violation of the manufacturer's export policy if the vehicle is titled and registered in any state of the United States; or

(r) to require a dealer or prospective dealer by program, incentive provision, or otherwise to construct improvements to its or a predecessor's facilities or to install new signs or other franchisor image elements that replace or substantially alter improvements, signs, or franchisor image elements completed within the preceding ten years that were required and approved by the manufacturer, distributor, or factory branch, including any such improvements, signs, or franchisor image elements that were required as a condition of the dealer or predecessor dealer receiving an incentive or other compensation from the manufacturer, distributor, or factory branch.

This section shall not apply to a program or agreement that provides lump sum payments to assist dealers in making facility improvements or to pay for signs or franchisor image elements when such payments are not dependent on the dealer selling or purchasing specific numbers of new vehicles and shall not apply to a program that is in effect with more than one Minnesota dealer on the effective date of this section, nor to any renewal or modification of such a program.

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

Amend the title accordingly

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

Senator Newman from the Committee on Transportation Finance and Policy, to which was referred

S.F. No. 1499: A bill for an act relating to motor vehicles; amending certain weight limitations for vehicles transporting milk; requiring an analysis of certain deficient bridges; proposing coding for new law in Minnesota Statutes, chapter 169.

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

Senator Newman from the Committee on Transportation Finance and Policy, to which was referred

S.F. No. 1733: A bill for an act relating to transportation; clarifying window glazing exceptions for limousines; amending Minnesota Statutes 2016, section 169.71, subdivision 4.

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

Page 2, line 20, delete "and complies with the registration" and insert "that is registered in compliance with the"

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

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

S.F. No. 1884: A bill for an act relating to economic development; providing a sales tax exemption for the sales tax paid during construction of an eligible wholesale electronic component distribution center; providing a forgivable loan for constructing an eligible wholesale electronic component distribution center; providing a grant from the business development public infrastructure program for the city of Thief River Falls; appropriating money.

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

Page 2, line 21, delete "116J.8371" and insert "116J.8731"

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

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

S.F. No. 1533: A bill for an act relating to construction codes; modifying criminal penalties; amending Minnesota Statutes 2016, section 326B.082, subdivision 16.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 326B.805, subdivision 3, is amended to read:

Subd. 3. **Prohibition.** Except as provided in subdivision 6, no persons required to be licensed by subdivision 1 may act or hold themselves out as a residential building contractor, residential remodeler, residential roofer, or manufactured home installer for compensation without a license issued by the commissioner. A person who conducts unlicensed residential building contractor activity, residential remodeler activity, or residential roofer activity is guilty of a gross misdemeanor."

Amend the title numbers accordingly

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

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

S.F. No. 865: A bill for an act relating to game and fish; modifying blaze orange hunting requirements to allow blaze pink; requiring rulemaking; amending Minnesota Statutes 2016, section 97B.071.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 84.01, is amended by adding a subdivision to read:

Subd. 6. **Legal counsel.** The commissioner may appoint attorneys or outside counsel to render title opinions, represent the department in severed mineral interest forfeiture actions brought pursuant to section 93.55, and, notwithstanding any statute to the contrary, represent the state in quiet title or title registration actions affecting land or interests in land administered by the commissioner of natural resources.

Sec. 2. Minnesota Statutes 2016, section 84.788, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** Registration is not required for off-highway motorcycles:

(1) owned and used by the United States, an Indian tribal government, the state, another state, or a political subdivision;

(2) registered in another state or country that have not been within this state for more than 30 consecutive days;

(3) registered under chapter 168, when operated on forest roads to gain access to a state forest campground;

(4) used exclusively in organized track racing events;

(5) operated on state or grant-in-aid trails by a nonresident possessing a nonresident off-highway motorcycle state trail pass; ~~or~~

(6) operated by a person participating in an event for which the commissioner has issued a special use permit; or

(7) operated on boundary trails and registered in another state or country providing equal reciprocal registration or licensing exemptions for registrants of this state.

Sec. 3. Minnesota Statutes 2016, section 84.791, subdivision 1, is amended to read:

Subdivision 1. **Program established; when required.** (a) The commissioner shall establish a comprehensive off-highway motorcycle environment and safety education and training program;

~~including the preparation and dissemination of~~ that includes preparing and disseminating vehicle information and safety advice to the public, ~~the training of~~ off-highway motorcycle operators, and ~~the issuance of~~ issuing off-highway motorcycle safety certificates to operators ~~under the age of 16~~ 12 to 15 years of age who successfully complete the off-highway motorcycle environment and safety education and training courses.

(b) An individual who is convicted of violating a law related to the operation of an off-highway motorcycle must successfully complete the environment and safety education and training program established under paragraph (a) before continuing operation of an off-highway motorcycle.

Sec. 4. Minnesota Statutes 2016, section 84.8031, is amended to read:

84.8031 GRANT-IN-AID APPLICATIONS; REVIEW PERIOD.

The commissioner must review an off-road vehicle grant-in-aid application and, if approved, ~~commence~~ begin 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. If the commissioner denies an application, the commissioner must provide the applicant with a written explanation for denying the application at the time the applicant is notified of the denial.

Sec. 5. Minnesota Statutes 2016, section 84.946, subdivision 2, is amended to read:

Subd. 2. **Standards.** (a) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of natural resources will consult with the commissioner of management and budget to the extent necessary to ensure this and will furnish the commissioner of management and budget a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.

(b) An appropriation for asset preservation must not be used to acquire land or to acquire or construct buildings or other facilities.

(c) Capital budget expenditures for natural resource asset preservation and replacement projects must be for one or more of the following types of capital projects that support the existing programmatic mission of the department: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; projects to remove life safety hazards such as building code violations or structural defects; or renovation of other existing improvements to land, including but not limited to trails and bridges.

(d) Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 6. Minnesota Statutes 2016, section 84.946, is amended by adding a subdivision to read:

Subd. 4. Priorities; report. The commissioner of natural resources must establish priorities for natural resource asset preservation and replacement projects. By January 15 each year, the commissioner must submit to the commissioner of management and budget a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year.

Sec. 7. Minnesota Statutes 2016, section 84.992, subdivision 3, is amended to read:

Subd. 3. Training and mentoring. The commissioner must develop and implement a training program that adequately prepares Minnesota Naturalist Corps members for the tasks assigned. Each corps member ~~shall be~~ is assigned ~~a state park~~ an interpretive naturalist as a mentor.

Sec. 8. Minnesota Statutes 2016, section 84.992, subdivision 4, is amended to read:

Subd. 4. Uniform patch pin. Uniforms worn by members of the Minnesota Naturalist Corps must have a patch pin that includes the name of the Minnesota Naturalist Corps and information that the program is funded by the clean water, land, and legacy amendment to the Minnesota Constitution adopted by the voters in November 2008.

Sec. 9. Minnesota Statutes 2016, section 84.992, subdivision 5, is amended to read:

Subd. 5. Eligibility. A person is eligible to enroll in the Minnesota Naturalist Corps if the person:

(1) is a permanent resident of the state;

(2) is a participant in an approved college internship program ~~or has a postsecondary degree in a field related to natural resource resources, cultural history, interpretation, or conservation related field;~~ and

(3) has completed at least one year of postsecondary education.

Sec. 10. Minnesota Statutes 2016, section 84.992, subdivision 6, is amended to read:

Subd. 6. Corps member status. Minnesota Naturalist Corps members are not eligible for unemployment benefits ~~if their services are excluded under section 268.035, subdivision 20,~~ and are not eligible for other benefits except workers' compensation. The corps members are not employees of the state within the meaning of section 43A.02, subdivision 21.

Sec. 11. Minnesota Statutes 2016, 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 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 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 watermilfoil, when the infested waters are listed solely because they contain Eurasian watermilfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length.

(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 by hook and line for noncommercial personal use is allowed as follows:

(1) fish 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 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;

(2) fish taken under this paragraph may not be transported live from or off the water body;

(3) fish harvested under this paragraph may only be used in accordance with this section;

(4) any other use of wild animals used for bait from infested waters is prohibited;

(5) fish taken under this paragraph must meet all other size restrictions and requirements as established in rules; and

(6) all species listed under this 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) 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.

(f) Bait intended for sale may not be held in infested water after taking and before sale, unless authorized under a license or permit according to Minnesota Rules, part 6216.0500.

Sec. 12. Minnesota Statutes 2016, section 84D.03, subdivision 4, is amended to read:

Subd. 4. **Commercial fishing and turtle, frog, and crayfish harvesting restrictions in infested and noninfested waters.** (a) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, ~~may not be used in any other waters. If a commercial licensee operates in an infested water listed because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, all nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in waters listed as infested with invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982,~~ must be tagged with tags provided by the commissioner, as specified in the commercial licensee's license or permit. Tagged gear must not be used in any water bodies other than those specified in the license or permit. The permit may authorize department staff to remove tags after the gear is decontaminated. This tagging requirement does not apply to commercial fishing equipment used in Lake Superior.

(b) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed solely because it contains Eurasian watermilfoil must be dried for a minimum of ten days or frozen for a minimum of two days before they are used in any other waters, except as provided in this paragraph. Commercial licensees must notify the department's regional or area fisheries office or a conservation officer before removing nets or equipment from an infested water listed solely because it contains Eurasian watermilfoil and before resetting those nets or equipment in any other waters. Upon notification, the commissioner may authorize a commercial licensee to move nets or equipment to another water without freezing or drying, if that water is listed as infested solely because it contains Eurasian watermilfoil.

(c) A commercial licensee must remove all aquatic macrophytes from nets and other equipment before placing the equipment into waters of the state.

(d) The commissioner shall provide a commercial licensee with a current listing of listed infested waters at the time that a license or permit is issued.

Sec. 13. Minnesota Statutes 2016, section 84D.04, subdivision 1, is amended to read:

Subdivision 1. **Classes.** The commissioner shall, as provided in this chapter, classify nonnative species of aquatic plants and wild animals, including subspecies, genotypes, cultivars, hybrids, or genera of nonnative species, according to the following categories:

(1) prohibited invasive species, which may not be possessed, imported, purchased, sold, propagated, transported, or introduced except as provided in section 84D.05;

(2) regulated invasive species, which may not be introduced except as provided in section 84D.07;

(3) unlisted nonnative species, which are subject to the classification procedure in section 84D.06; and

(4) unregulated nonnative species, which are not subject to regulation under this chapter.

Sec. 14. Minnesota Statutes 2016, section 84D.05, subdivision 1, is amended to read:

Subdivision 1. **Prohibited activities.** A person may not possess, import, purchase, sell, propagate, transport, or introduce a prohibited invasive species, except:

(1) under a permit issued by the commissioner under section 84D.11;

(2) in the case of purple loosestrife, as provided by sections 18.75 to 18.88;

(3) under a restricted species permit issued under section 17.457;

(4) when being transported to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying the species or reporting the presence of the species;

(5) when being transported for disposal as part of a harvest or control activity when specifically authorized under a permit issued by the commissioner according to section 103G.615, when being transported for disposal as specified under a commercial fishing license issued by the commissioner according to section 97A.418, 97C.801, 97C.811, 97C.825, 97C.831, or 97C.835, or when being transported as specified by the commissioner;

(6) when being removed from watercraft and equipment, or caught while angling, and immediately returned to the water from which they came; ~~or~~

(7) when being transported from riparian property to a legal disposal site that is at least 100 feet from any surface water, ditch, or seasonally flooded land, provided the prohibited invasive species are in a covered commercial vehicle specifically designed and used for hauling trash; or

~~(7)~~ (8) as the commissioner may otherwise prescribe by rule.

Sec. 15. Minnesota Statutes 2016, section 84D.108, subdivision 2a, is amended to read:

Subd. 2a. **Lake Minnetonka pilot study.** (a) The commissioner may issue an additional permit to service providers to return to Lake Minnetonka water-related equipment with zebra mussels attached after the equipment has been seasonally stored, serviced, or repaired. The permit must include verification and documentation requirements and any other conditions the commissioner deems necessary.

(b) Water-related equipment with zebra mussels attached may be returned only to Lake Minnetonka (DNR Division of Waters number 27-0133) by service providers permitted under subdivision 1.

(c) The service provider's place of business must be within the Lake Minnetonka Conservation District as established according to sections 103B.601 to 103B.645, or within a municipality immediately bordering the Lake Minnetonka Conservation District's boundaries.

(d) A service provider applying for a permit under this subdivision must, if approved for a permit and before the permit is valid, furnish a corporate surety bond in favor of the state for \$50,000 payable upon violation of this chapter while the service provider is acting under a permit issued according to this subdivision.

(e) This subdivision expires December 1, ~~2018~~ 2019.

Sec. 16. Minnesota Statutes 2016, section 84D.108, is amended by adding a subdivision to read:

Subd. 2b. **Gull Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for the Gull Narrows State Water Access Site, Government Point State Water Access Site, and Gull East State Water Access Site on Gull Lake (DNR Division of Waters number 11-0305) in Cass and Crow Wing Counties utilizing the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in section 84D.108, subdivision 2a. Lake service providers participating in the Gull Lake targeted pilot study place of business must be located within Cass or Crow Wing County.

(b) If an additional targeted pilot project for Gull Lake is implemented under this section, the report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over natural resources required under Laws 2016, chapter 189, article 3, section 48, shall also include the Gull Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 17. Minnesota Statutes 2016, section 84D.11, is amended by adding a subdivision to read:

Subd. 1a. **Permit for invasive carp.** The commissioner may issue a permit to departmental divisions for tagging bighead, black, grass, or silver carp for research or control. Under the permit, the carp may be released into the water body from which the carp was captured. This subdivision expires December 31, 2021.

Sec. 18. Minnesota Statutes 2016, section 85.32, subdivision 1, is amended to read:

Subdivision 1. ~~Areas marked~~ **Designation.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to ~~mark~~ manage state water trails on the Lake Superior water trail under section 85.0155 and on the following rivers, which have historic, recreational, and scenic values: 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 Vermilion~~ in St. Louis County, North Fork of the Crow, and South Fork of the Crow Rivers, which have historic and scenic values, and to mark appropriately. The commissioner may map and sign points of interest, public water access sites, portages, camp sites, and ~~all~~ dams,

rapids, waterfalls, whirlpools, and other serious hazards that are dangerous to canoe, kayak, and watercraft travelers. The commissioner may maintain passageway for watercraft on state water trails.

Sec. 19. Minnesota Statutes 2016, 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~~ wearable personal flotation device ~~with a~~ that is approved by the United States Coast Guard (USCG) and has a USCG label indicating # the flotation device 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. 20. Minnesota Statutes 2016, section 86B.511, is amended to read:

86B.511 LIGHTS.

Subdivision 1. **Navigation lights.** Except as provided in section 169.541, a watercraft using the waters of this state, when underway or in use between sunset and sunrise, must carry and display the navigation lights prescribed by the commissioner for the watercraft.

Subd. 2. **Other lights.** (a) No person may operate a watercraft with lights that are not navigation lights required under subdivision 1, that are visible on the exterior of the watercraft, and that:

(1) interfere with the visibility of navigation lights; or

(2) are red, green, or blue.

(b) Notwithstanding paragraph (a), watercraft operated for government-sanctioned public safety activities may display an alternately flashing red and yellow light signal for identification. The lights must not interfere with the visibility of the navigation lights. No special privilege is granted. Operators must not presume that the light or exigency gives them precedence or right-of-way.

(c) Notwithstanding paragraph (a), law enforcement may operate watercraft with lights that are flashing blue when engaged in law enforcement activities. The lights must not interfere with the visibility of the navigation lights.

(d) A first violation of this subdivision shall not result in a penalty, but is punishable only by a safety warning. A second or subsequent violation is a petty misdemeanor.

Sec. 21. Minnesota Statutes 2016, section 88.523, is amended to read:

88.523 AUXILIARY FOREST CONTRACTS; SUPPLEMENTAL AGREEMENTS.

Upon application of the owner, any auxiliary forest contract 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. A supplemental agreement in a ~~form~~ format prescribed by the commissioner ~~and approved by the attorney general~~ must be executed by the commissioner in behalf of the state and by the owner. The supplemental agreement must be filed and recorded in like manner as the supplemental contract under section 88.49, subdivision 9, and takes effect upon filing and recording.

Sec. 22. Minnesota Statutes 2016, section 89.39, is amended to read:

89.39 PURCHASE AGREEMENTS AND PENALTIES.

Every individual, partnership, or private corporation to whom any planting stock is supplied for planting on private land ~~hereunder shall~~ under sections 89.35 to 89.39 must execute an agreement, ~~upon a form in a format approved by the attorney general commissioner,~~ to comply with all the requirements of sections 89.35 to 89.39 and all conditions prescribed by the commissioner ~~hereunder thereunder.~~ Any party to such an agreement who ~~shall violate any provision thereof shall,~~ violates the agreement is, in addition to any other penalties that may be applicable, be liable to the state in a sum equal to three times the reasonable value of the trees affected by the violation at the time the ~~same trees~~ were shipped for planting; provided, that if ~~such the~~ trees are sold or offered for sale for any purpose not ~~herein~~ authorized, ~~such~~ under sections 89.35 to 89.39, the penalty ~~shall be~~ is equal to three times the sale price. ~~Such~~ The penalties ~~shall be~~ are recoverable in a civil action brought in the name of the state by the attorney general.

Sec. 23. Minnesota Statutes 2016, section 90.01, is amended by adding a subdivision to read:

Subd. 1a. **Affiliate.** "Affiliate" means a person who:

(1) controls, is controlled by, or is under common control with any other person, including, without limitation, a partner, business entity with common ownership, or principal of any business entity or a subsidiary, parent company, or holding company of any person; or

(2) bids as a representative for another person.

Sec. 24. Minnesota Statutes 2016, section 90.01, subdivision 8, is amended to read:

Subd. 8. **Permit holder.** "Permit holder" means the person or affiliate of the person who is the signatory of a permit to cut timber on state lands.

Sec. 25. Minnesota Statutes 2016, section 90.01, subdivision 12, is amended to read:

Subd. 12. **Responsible bidder.** "Responsible bidder" means a person or affiliate of a person who is financially responsible; demonstrates the judgment, skill, ability, capacity, and integrity requisite and necessary to perform according to the terms of a permit issued under this chapter; and is not currently debarred by ~~another~~ a government entity for any cause.

Sec. 26. Minnesota Statutes 2016, section 90.041, subdivision 2, is amended to read:

Subd. 2. **Trespass on state lands.** The commissioner may compromise and settle, ~~with notification to the attorney general,~~ upon terms the commissioner deems just, any claim of the state for casual and involuntary trespass upon state lands or timber; provided that no claim shall be settled for less than the full value of all timber or other materials taken in casual trespass or the full amount of all actual damage or loss suffered by the state as a result. Upon request, the commissioner shall advise the Executive Council of any information acquired by the commissioner concerning any trespass on state lands, giving all details and names of witnesses and all compromises and settlements made under this subdivision.

Sec. 27. Minnesota Statutes 2016, section 90.051, is amended to read:

90.051 SUPERVISION OF SALES; BOND.

The department employee delegated to supervise state timber appraisals and sales shall be bonded in a form to be prescribed by the ~~attorney general~~ commissioner and in the sum of not less than \$25,000, conditioned upon the faithful and honest performance of duties.

Sec. 28. Minnesota Statutes 2016, section 90.101, subdivision 2, is amended to read:

Subd. 2. **Sale list and notice.** At least 30 days before the date of sale, the commissioner shall compile a list containing a description of each tract of land upon which any timber to be offered is situated and a statement of the estimated quantity of timber and of the appraised price of each kind of timber thereon as shown by the report of the state appraiser. No description shall be added after the list is posted and no timber shall be sold from land not described in the list. Copies of the list ~~shall~~ must be furnished to all interested applicants. At least 30 days before the date of sale, a copy of the list shall ~~shall~~ must be posted on the Internet or conspicuously posted in the forest office or other public facility most accessible to potential bidders ~~at least 30 days prior to the date of sale~~. The commissioner shall cause a notice to be published once not less than one week before the date of sale in a legal newspaper in the county or counties where the land is situated. The notice shall state the time and place of the sale and the location at which further information regarding the sale may be obtained. The commissioner may give other published or posted notice as the commissioner deems proper to reach prospective bidders.

Sec. 29. Minnesota Statutes 2016, 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~~ responsible bidder 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~~ format prescribed by the ~~attorney general~~ commissioner 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~~ format prescribed by the ~~attorney general~~ commissioner 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 \$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.

Sec. 30. Minnesota Statutes 2016, section 90.145, subdivision 2, is amended to read:

Subd. 2. **Purchaser registration.** To facilitate the sale of permits issued under section 90.151, the commissioner may establish a registration system to verify the qualifications of a person or affiliate as a responsible bidder to purchase a timber permit. Any system implemented by the commissioner shall be limited in scope to only that information that is required for the efficient administration of the purchaser qualification requirements of this chapter. The registration system established under this subdivision is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 31. Minnesota Statutes 2016, section 90.151, subdivision 1, is amended to read:

Subdivision 1. **Issuance; expiration.** (a) Following receipt of the down payment for state timber required under section 90.14 or 90.191, the commissioner shall issue a numbered permit to the purchaser, in a form format approved by the attorney general commissioner, by the terms of which the purchaser ~~shall be~~ is authorized to enter upon the land; and to cut and remove the timber ~~therein~~ described in the permit as designated for cutting in the report of the state appraiser, according to the provisions of this chapter. The permit ~~shall~~ must be correctly dated and executed by the commissioner and signed by the purchaser. If a permit is not signed by the purchaser within 45 days from the date of purchase, the permit cancels and the down payment for timber required under section 90.14 forfeits to the state. The commissioner may grant an additional period for the purchaser to sign the permit, not to exceed ten business days, provided the purchaser pays a \$200 penalty fee.

(b) The permit ~~shall expire~~ expires no later than five years after the date of sale as the commissioner shall specify or as specified under section 90.191, and the timber ~~shall~~ must be cut and removed within the time specified ~~therein~~. If additional time is needed, the permit holder must request, ~~prior to~~ before the expiration date, and may be granted, for good and sufficient reasons, up to 90 additional days for the completion of skidding, hauling, and removing all equipment and buildings. All cut timber, equipment, and buildings not removed from the land after expiration of the permit becomes the property of the state.

(c) The commissioner may grant ~~an additional period of~~ time not to exceed 240 days for ~~the removal of~~ removing cut timber, equipment, and buildings upon receipt of a written request by the permit holder for good and sufficient reasons. The permit holder may combine in the written request under this paragraph the request for additional time under paragraph (b).

Sec. 32. Minnesota Statutes 2016, section 90.162, is amended to read:

90.162 SECURING TIMBER PERMITS WITH CUTTING BLOCKS.

In lieu of the security deposit equal to the value of all timber covered by the permit required by section 90.161, a purchaser of state timber may elect in ~~writing on a form~~ format prescribed by the ~~attorney general~~ commissioner to give good and valid surety to the state of Minnesota equal to the purchase price for any designated cutting block identified on the permit before the date the purchaser enters upon the land to begin harvesting the timber on the designated cutting block.

Sec. 33. Minnesota Statutes 2016, section 90.252, is amended to read:

90.252 SCALING AGREEMENT; WEIGHT MEASUREMENT SERVICES; FEES.

Subdivision 1. **Scaling agreement.** The commissioner may enter into an agreement with either a timber sale permittee, or the purchaser of the cut products, or both, so that the scaling of the cut timber and the collection of the payment for the same can be consummated by the state. ~~Such an~~ The agreement shall must be approved as to form and content by the ~~attorney general~~ commissioner and ~~shall must~~ provide for a bond or cash in lieu of a bond and ~~such~~ other safeguards as are necessary to protect the interests of the state. The scaling and payment collection procedure may be used for any state timber sale, except that no permittee who is also the consumer shall both cut and scale the timber sold unless ~~such~~ the scaling is supervised by a state scaler.

Subd. 2. **Weight measurement services; fees.** The commissioner may enter into an agreement with the owner or operator of any weight scale inspected, tested, and approved under chapter 239 to provide weight measurements for ~~the~~ scaling of state timber according to section 90.251. The agreement ~~shall must~~ be ~~on a form~~ in a format prescribed by the ~~attorney general~~ commissioner, ~~shall become a~~ becomes part of the official record of any state timber permit so scaled, and ~~shall must~~ contain safeguards that are necessary to protect the interests of the state. Except as otherwise provided by the commissioner, the cost of any agreement to provide weight measurement of state timber ~~shall must~~ be paid by the permit holder of any state timber permit so measured and the cost ~~shall must~~ be included in the statement of the amount due for the permit under section 90.181, subdivision 1.

Sec. 34. Minnesota Statutes 2016, section 93.47, subdivision 4, is amended to read:

Subd. 4. **Administration and enforcement.** The commissioner shall administer and enforce sections 93.44 to 93.51 and the rules adopted pursuant hereto. In so doing the commissioner may (1) conduct such investigations and inspections as the commissioner deems necessary for the proper administration of sections 93.44 to 93.51; (2) enter upon any parts of the mining areas in connection with any such investigation and inspection without liability to the operator or landowner provided that reasonable prior notice of intention to do so shall have been given the operator or landowner; (3) conduct such research or enter into contracts related to mining areas and the reclamation thereof as may be necessary to carry out the provisions of sections 93.46 to 93.50; and (4) allocate surplus wetland credits that are approved by the commissioner under a permit to mine on or after July 1, 1991, and that are not otherwise deposited in a state wetland bank.

EFFECTIVE DATE. This section is effective retroactively from July 1, 1991.

Sec. 35. Minnesota Statutes 2016, section 94.343, subdivision 9, is amended to read:

Subd. 9. **Approval by ~~attorney general~~ commissioner.** No exchange of class A land shall be consummated unless the ~~attorney general shall have given an opinion in writing~~ commissioner determines that the title to the land proposed to be conveyed to the state is good and marketable, free from all liens ~~and, with all encumbrances identified~~ except reservations herein authorized. The commissioner may use title insurance to aid in the title determination. If required by the ~~attorney general commissioner~~, the landowner ~~shall~~ must submit an abstract of title and make and file with the commissioner an affidavit as to possession of the land, improvements, liens, and encumbrances thereon, and other matters affecting the title.

Sec. 36. Minnesota Statutes 2016, section 94.344, subdivision 9, is amended to read:

Subd. 9. **Approval of county attorney.** No exchange of class B land shall be consummated unless the title to the land proposed to be exchanged therefor ~~shall~~ is first be approved by the county attorney in like manner as provided for approval by the ~~attorney general commissioner~~ in case of class A land. The county attorney's opinion on the title ~~shall be~~ is subject to approval by the ~~attorney general commissioner~~.

Sec. 37. Minnesota Statutes 2016, section 97A.015, subdivision 29, is amended to read:

Subd. 29. **Minnows.** "Minnows" means: (1) members of the minnow family, Cyprinidae, except carp and goldfish; (2) members of the mudminnow family, Umbridae; (3) members of the sucker family, Catostomidae, ~~not over 12 inches in length~~; (4) bullheads, ciscoes, lake whitefish, goldeyes, and mooneyes, not over seven inches long; (5) leeches; and (6) tadpole madtoms (willow cats) and stonecats.

Sec. 38. Minnesota Statutes 2016, section 97A.015, subdivision 39, is amended to read:

Subd. 39. **Protected wild animals.** "Protected wild animals" ~~are the following wild animals:~~ means big game, small game, game fish, rough fish, minnows, leeches, alewives, ciscoes, chubs, ~~and lake whitefish~~; and the subfamily Coregoninae, rainbow smelt, frogs, turtles, clams, mussels, wolf, mourning doves, bats, snakes, salamanders, lizards, any animal species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134, and wild animals that are protected by a restriction in the time or manner of taking, other than a restriction in the use of artificial lights, poison, or motor vehicles.

Sec. 39. Minnesota Statutes 2016, section 97A.015, subdivision 43, is amended to read:

Subd. 43. **Rough fish.** "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, burbot, cisco, gar, goldeye, and bullhead, except for any fish species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 40. Minnesota Statutes 2016, section 97A.015, subdivision 45, is amended to read:

Subd. 45. **Small game.** "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit, raccoon, lynx, bobcat, short-tailed weasel, long-tailed weasel, wolf, red fox and gray fox, fisher, pine marten, opossum, badger, cougar, wolverine, muskrat, mink, otter, and beaver.

Sec. 41. Minnesota Statutes 2016, section 97A.015, subdivision 52, is amended to read:

Subd. 52. **Unprotected birds.** "Unprotected birds" means English sparrow, ~~blackbird~~, starling, ~~maggie~~, cormorant, common pigeon, Eurasian collared dove, chukar partridge, quail other than bobwhite quail, and mute swan.

Sec. 42. Minnesota Statutes 2016, section 97A.015, subdivision 53, is amended to read:

Subd. 53. **Unprotected wild animals.** "Unprotected wild animals" means wild animals that are not protected wild animals including ~~weasel~~, coyote, plains pocket gopher, porcupine, striped skunk, and unprotected birds, except any animal species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 43. Minnesota Statutes 2016, section 97A.045, subdivision 10, is amended to read:

Subd. 10. **Reciprocal agreements on violations.** The commissioner, ~~with the approval of the attorney general~~, may enter into reciprocal agreements with game and fish authorities in other states and the United States government to provide for:

(1) revocation of the appropriate Minnesota game and fish licenses of Minnesota residents for violations of game and fish laws committed in signatory jurisdictions ~~which~~ that result in license revocation in that jurisdiction;

(2) reporting convictions and license revocations of residents of signatory states for violations of game and fish laws of Minnesota to game and fish authorities in the nonresident's state of residence; and

(3) release upon signature without posting of bail for residents of signatory states accused of game and fish law violations in this state, providing for recovery, in the resident jurisdiction, of fines levied if the citation is not answered in this state.

As used in this subdivision, "conviction" includes a plea of guilty or a forfeiture of bail.

Sec. 44. Minnesota Statutes 2016, section 97B.031, subdivision 6, is amended to read:

Subd. 6. **Scopes; ~~age 60 or over~~.** A person ~~age 60 or over~~ may use a muzzleloader with a scope to take deer during the muzzleloader season. The scope may have magnification capabilities.

Sec. 45. Minnesota Statutes 2016, section 97B.071, is amended to read:

97B.071 ~~BLAZE ORANGE~~ CLOTHING REQUIREMENTS; ~~BLAZE ORANGE OR~~ BLAZE PINK.

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange or blaze pink. Blaze orange or blaze pink includes a camouflage pattern of at least 50 percent blaze orange or blaze pink within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange or blaze pink. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 46. Minnesota Statutes 2016, section 97B.405, is amended to read:

97B.405 COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.

(a) The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by rule, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected.

(b) If the commissioner limits the number of persons that may hunt bear in an area under paragraph (a), the commissioner must reserve one permit and give first preference for that permit to a resident of a Minnesota veterans home.

~~(b)~~(c) A person selected through a drawing must purchase a license by August 1. Any remaining available licenses not purchased shall be issued to any eligible person as prescribed by the commissioner on a first-come, first-served basis beginning three business days after August 1.

Sec. 47. Minnesota Statutes 2016, section 97B.431, is amended to read:

97B.431 BEAR-HUNTING OUTFITTERS.

(a) A person may not place bait for bear, or guide hunters to take bear, for compensation without a bear-hunting-outfitter license. A bear-hunting outfitter is not required to have a license to take bear unless the outfitter is attempting to shoot a bear. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses.

(b) The commissioner shall establish a resident master bear-hunting-outfitter license under which one person serves as the bear-hunting outfitter and one other person is eligible to guide and bait bear. Additional persons may be added to the license and are eligible to guide and bait bear under the license, provided the additional fee under section 97A.475, subdivision 16, is paid for each person added. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses. The commissioner must not require a person to have certification or training in first aid or CPR to be eligible for a license under this section.

Sec. 48. Minnesota Statutes 2016, section 97B.655, subdivision 1, is amended to read:

Subdivision 1. **Owners and occupants may take certain animals.** A person or the person's agent may take bats, snakes, salamanders, lizards, weasel, mink, squirrel, rabbit, hare, raccoon, bobcat, fox, opossum, muskrat, or beaver on land owned or occupied by the person where the animal is causing damage. The person or the person's agent may take the animal without a license and in any manner except by poison, or artificial lights in the closed season or by poison. Raccoons may be taken under this subdivision with artificial lights during open season. A person ~~that~~ or the person's agent who kills mink, raccoon, bobcat, fox, opossum, muskrat, or beaver under this subdivision must notify a conservation officer or employee of the Fish and Wildlife Division within 24 hours after the animal is killed.

Sec. 49. Minnesota Statutes 2016, section 97C.211, subdivision 2a, is amended to read:

Subd. 2a. **Acquisition of fish.** (a) A private fish hatchery may not obtain fish outside of the state unless the fish or the source of the fish are approved by the commissioner. The commissioner may apply more stringent requirements to fish or a source of fish from outside the state than are applied to fish and sources of fish from within the state. The commissioner must either approve or deny the acquisition within 30 days after receiving a written request for approval. ~~Minnows acquired must be processed and not released into public waters, except as provided in section 97C.515, subdivision 4.~~ A request may be for annual acquisition.

(b) If the commissioner denies approval, a written notice must be submitted to the applicant stating the reasons for the denial and the commissioner must:

- (1) designate approved sources to obtain the desired fish or fish eggs; or
- (2) sell the fish or fish eggs from state fish hatcheries at fair market value.

Sec. 50. Minnesota Statutes 2016, section 97C.401, subdivision 2, is amended to read:

Subd. 2. ~~**Walleye; northern pike.**~~ (a) ~~Except as provided in paragraph (b),~~ A person may have no more than one walleye larger than 20 inches ~~and one northern pike larger than 30 inches~~ in possession. This subdivision does not apply to boundary waters.

~~(b) The restrictions in paragraph (a) do not apply to boundary waters.~~

Sec. 51. Minnesota Statutes 2016, section 97C.501, subdivision 1, is amended to read:

Subdivision 1. **Minnow retailers.** (a) A person may not be a minnow retailer without a minnow retailer license except as provided in subdivisions 2, paragraph (d), and 3. A person must purchase a minnow retailer license for each minnow retail outlet operated, except as provided by subdivision 2, paragraph (d).

(b) A minnow retailer must obtain a minnow retailer's vehicle license for each motor vehicle used by the minnow retailer to transport more than 12 dozen minnows to the minnow retailer's place of business, ~~except as provided in subdivision 3.~~ A minnow retailer is not required to obtain a minnow retailer's vehicle license:

- (1) as provided in subdivision 3;

(2) if the minnow retailer is licensed as a resort under section 157.16, is transporting minnows purchased from a minnow dealer's place of business directly to the resort, possesses a detailed receipt, including the date and time of purchase, and presents the receipt and minnows for inspection upon request; or

(3) if minnows are being transported by common carrier and information is provided that allows the commissioner to find out the location of the shipment in the state.

Sec. 52. Minnesota Statutes 2016, section 97C.515, subdivision 2, is amended to read:

Subd. 2. **Permit for ~~transportation~~ importation.** (a) A person may ~~transport~~ import live minnows ~~through~~ into the state with a permit from the commissioner. ~~The permit must state the name and address of the person, the number and species of minnows, the point of entry into the state, the destination, and the route through the state. The permit is not valid for more than 12 hours after it is issued.~~ A person must not import minnows into the state except as provided in this section.

~~(b) Minnows transported under this subdivision must be in a tagged container. The tag number must correspond with tag numbers listed on the minnow transportation permit.~~

~~(c) The commissioner may require the person transporting minnow species found on the official list of viral hemorrhagic septicemia susceptible species published by the United States Department of Agriculture, Animal and Plant Health Inspection Services, to provide health certification for viral hemorrhagic septicemia. The certification must disclose any incidentally isolated replicating viruses, and must be dated within the 12 months preceding transport.~~

(b) Minnows must be certified as healthy according to standards of the World Organization for Animal Health or the Fish Health Section Blue Book of the American Fisheries Society.

(c) Minnows must be certified free of viral hemorrhagic septicemia, infectious hematopoietic necrosis, infectious pancreatic necrosis, spring viremia of carp virus, fathead minnow nidovirus, and Heterosporis within the past 12 months.

(d) Minnows must originate from a biosecure facility that has tested negative for invasive species in the past 12 months.

(e) Only a person that holds a minnow dealer's license issued under section 97C.501, subdivision 2, may obtain a permit to import minnows.

(f) The following information must be available to the commissioner upon request for each load of imported minnows:

(1) the date minnows were imported;

(2) the number of pounds or gallons imported;

(3) the facility name from which the minnows originated; and

(4) a fish health certificate for the minnows.

(g) Minnows may be imported to feed hatchery fish if the requirements in paragraphs (a) to (f) are met.

Sec. 53. Minnesota Statutes 2016, section 97C.701, is amended by adding a subdivision to read:

Subd. 7. **Harvesting mussel shells.** Live mussels may not be harvested. A person possessing a valid resident or nonresident angling license or a person not required to have an angling license to take fish may take and possess at any time, for personal use only, not more than 24 whole shells or 48 shell halves of dead freshwater mussels. Mussel shells may be harvested in waters of the state where fish may be taken by angling. Mussel shells must be harvested by hand-picking only and may not be purchased or sold.

Sec. 54. **[103A.213] PROGRESS FOR IMPROVING WATER QUALITY.**

Subdivision 1. **Water quality; improvement goal.** It is the goal of the state to accelerate the pace of progress for improving water-quality protection and restoration to reach a goal of 25 percent improvement in water quality by 2025. Progress must be reviewed by and based on measures reported by the cooperating agencies listed under subdivision 2 or as described in local water management plans approved and adopted under chapter 103B.

Subd. 2. **Cooperating agencies and input process.** The Departments of Agriculture, Health, and Natural Resources, the Pollution Control Agency, the Board of Water and Soil Resources, the Metropolitan Council, the Public Facilities Authority, and the Environmental Quality Board must jointly conduct a broad public and stakeholder engagement process across the state seeking input on how to achieve the goal under subdivision 1. The process must consider, but is not limited to, water safety and quality parameters such as chloride, infectious agents, phosphorus, sediment, nitrates, lead, and other factors that can contribute to biological and human health risks. The Clean Water Council and local government representatives must be consulted before the public and stakeholder input process begins. The initial public and stakeholder input process must be completed by November 15, 2017.

Subd. 3. **Scope of public and stakeholder input.** The public and stakeholder input process must include, but is not limited to, obtaining input on:

(1) what additional data or analyses are needed and how the data or analyses can be used to accomplish and measure progress toward the goal;

(2) mechanisms to provide assurance, accountability, and cost-benefit measures for accomplishing progress toward the goal;

(3) what changes to the Clean Water Legacy Act or other state statutes or agency programs would be helpful to accelerate and sustain progress toward the goal;

(4) what local government programs or authorities could be added or modified to accelerate and sustain progress toward the goal;

(5) options to prioritize, sequence, and locate multiple-benefit practices, projects, and infrastructure needed to accelerate and sustain progress toward the goal;

(6) options to leverage nonstate funding for practices, projects, and infrastructure needed to accelerate and sustain progress toward the goal;

(7) how technology and private sector roles or investments could be used to accelerate and sustain progress toward the goal;

(8) how to accomplish personal, community, ecological, and economic health objectives and goals as part of accelerating and sustaining progress toward the water quality improvement goal; and

(9) information deemed relevant and useful according to the objectives outlined in sections 103A.212, 103H.001, and 114D.10 and other related information deemed relevant and useful by the Departments of Agriculture, Health, and Natural Resources, the Pollution Control Agency, the Board of Water and Soil Resources, the Metropolitan Council, the Public Facilities Authority, and the Environmental Quality Board.

Subd. 4. **Report and recommendations.** By December 15, 2017, the cooperating agencies must jointly submit a report to the governor and the Legislative Water Commission on the results of the public input process. The report must include any policy and budget recommendations based on the input received.

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

Sec. 55. Minnesota Statutes 2016, section 103G.005, is amended by adding a subdivision to read:

Subd. 8a. **Constructed management facilities for storm water.** "Constructed management facilities for storm water" means ponds, basins, holding tanks, cisterns, infiltration trenches and swales, or other best management practices that have been designed, constructed, and operated to store or treat storm water in accordance with local, state, or federal requirements.

Sec. 56. Minnesota Statutes 2016, section 103G.005, subdivision 10b, is amended to read:

Subd. 10b. **Greater than 80 percent area.** "Greater than 80 percent area" means a county or watershed, or, for purposes of wetland replacement, bank service area where 80 percent or more of the presettlement wetland acreage is intact and:

- (1) ten percent or more of the current total land area is wetland; or
- (2) 50 percent or more of the current total land area is state or federal land.

Sec. 57. Minnesota Statutes 2016, section 103G.005, subdivision 10h, is amended to read:

Subd. 10h. **Less than 50 percent area.** "Less than 50 percent area" means a county or watershed, or, for purposes of wetland replacement, bank service area with less than 50 percent of the presettlement wetland acreage intact or any county or watershed, or bank service area not defined as a "greater than 80 percent area" or "50 to 80 percent area."

Sec. 58. Minnesota Statutes 2016, 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 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. Project-specific wetland replacement plans submitted as part of a project for which a permit to mine is required and approved by the commissioner on or after July 1, 1991, may include surplus wetland credits to be allocated by the commissioner to offset future mining-related wetland impacts under any permits to mine held by the permittee, the operator, the permittee's or operator's parent, an affiliated subsidiary, or an assignee pursuant to an assignment under section 93.481, subdivision 5. 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 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 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 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.

EFFECTIVE DATE. This section is effective retroactively from July 1, 1991.

Sec. 59. Minnesota Statutes 2016, 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 not be replaced in a 50 to greater than 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.~~ Wetland replacement occurring outside of a greater than 80 percent area must not be replaced in a 50 to greater than 80 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.

(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.

(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.

(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.

(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. 60. Minnesota Statutes 2016, 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. Members of the Technical Evaluation Panel who have an ownership interest in a wetland bank shall disclose in writing all of the member's ownership interests in wetland banks to the local government unit. 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, 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. 61. Minnesota Statutes 2016, section 103G.271, subdivision 1, is amended to read:

Subdivision 1. **Permit required.** (a) Except as provided in paragraph (b), the state, a person, partnership, or association, private or public corporation, county, municipality, or other political subdivision of the state may not appropriate or use waters of the state without a water-use permit from the commissioner.

(b) This section does not apply to use for a water supply by less than 25 persons for domestic purposes, except as required by the commissioner under section 103G.287, subdivision 4, paragraph (b).

(c) The commissioner may issue a state general permit for appropriation of water to a governmental subdivision or to the general public. The general permit may authorize more than one project and the appropriation or use of more than one source of water. Water-use permit processing fees and reports required under subdivision 6 and section 103G.281, subdivision 3, are required for each project or water source that is included under a general permit, except that no fee is required for uses totaling less than 15,000,000 gallons annually.

(d) This section does not apply to appropriation or use of storm water collected and used to reduce storm-water runoff volume, treat storm water, or sustain groundwater supplies when water is extracted from constructed management facilities for storm water.

Sec. 62. Minnesota Statutes 2016, section 103G.411, is amended to read:

103G.411 STIPULATION OF LOW-WATER MARK.

If the state is a party in a civil action relating to the navigability or ownership of the bed of a body of water, river, or stream, the commissioner, in behalf of the state, ~~with the approval of the attorney general,~~ may agree by written stipulation with a riparian owner who is a party to the action on the location of the ordinary low-water mark on the riparian land of the party. After the stipulation is executed by all parties, it must be presented to the judge of the district court where the action is pending for approval. If the stipulation is approved, the judge shall make and enter an order providing that the final judgment when entered shall conform to the location of the ordinary, low-water mark as provided for in the stipulation as it relates to the parties to the stipulation.

Sec. 63. Minnesota Statutes 2016, section 115C.021, subdivision 1, is amended to read:

Subdivision 1. **General rule.** Except as provided in subdivisions 2 to ~~4~~ 5, a person is responsible for a release from a tank if the person is an owner or operator of the tank at any time during or after the release.

Sec. 64. Minnesota Statutes 2016, section 115C.021, is amended by adding a subdivision to read:

Subd. 5. **Heating fuel oil vendor.** A heating oil vendor is not a responsible person for a heating fuel oil release at a residential location if the release was caused solely by the failure of a tank owned by the homeowner.

Sec. 65. Minnesota Statutes 2016, section 116.0714, is amended to read:

116.0714 NEW OPEN AIR SWINE BASINS.

The commissioner of the Pollution Control Agency or a county board shall not approve any permits for the construction of new open air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, ~~2017~~ 2022.

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

Sec. 66. Minnesota Statutes 2016, section 160.06, is amended to read:

160.06 TRAIL OR PORTAGE DEDICATION.

Any trail or portage between public or navigable bodies of water or from public or navigable water to a public highway in this state ~~which that~~ has been in continued and uninterrupted use by the general public for 15 years or more as a trail or portage for the purposes of travel, ~~shall be~~ is deemed to have been dedicated to the public as a trail or portage. This section ~~shall apply~~ applies only to forest trails on established ~~state water trails~~ canoe routes and the public ~~shall have~~ has the right to use the same for ~~the purposes of~~ travel to the same extent as public highways. The width of all trails and portages dedicated by user ~~shall be~~ is eight feet on each side of the centerline of the trail or portage.

Sec. 67. Laws 2013, chapter 114, article 4, section 105, is amended to read:

Sec. 105. RULES; SILICA SAND.

~~(a)~~ The commissioner of the Pollution Control Agency shall adopt rules pertaining to the control of particulate emissions from silica sand projects. The rulemaking is exempt from Minnesota Statutes, section 14.125.

~~(b)~~ (a) The commissioner of natural resources shall adopt rules pertaining to the reclamation of silica sand mines. The rulemaking is exempt from Minnesota Statutes, section 14.125.

~~(c)~~ (b) By January 1, 2014, the Department of Health shall adopt an air quality health-based value for silica sand.

~~(d)~~ (c) The Environmental Quality Board shall amend its rules for environmental review, adopted under Minnesota Statutes, chapter 116D, for silica sand mining and processing to take into account the increased activity in the state and concerns over the size of specific operations. The Environmental Quality Board shall consider whether the requirements of Minnesota Statutes, section 116C.991, should remain part of the environmental review requirements for silica sand and whether the requirements should be different for different geographic areas of the state. The rulemaking is exempt from Minnesota Statutes, section 14.125.

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

Sec. 68. CANCELLATION OF PERMITS.

Water-use permits issued before July 1, 2017, for water use exempted under Minnesota Statutes, section 103G.271, subdivision 1, paragraph (d), are canceled effective July 1, 2017.

Sec. 69. DEMOLITION DEBRIS LANDFILL PERMITTING.

A solid waste permit issued by the Pollution Control Agency to an existing class I demolition debris landfill facility that is operating under the Pollution Control Agency Demolition Landfill Guidance, issued August 2005, is extended pursuant to Minnesota Rules, part 7001.0160, for a period of five years, unless a new permit is issued for the facility by the Pollution Control Agency after the effective date of this section.

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

Sec. 70. **REPEALER.**

(a) Minnesota Statutes 2016, sections 84.026, subdivision 3; 97B.031, subdivision 5; 97C.515, subdivisions 4 and 5; 97C.701, subdivisions 1a and 6; 97C.705; and 97C.711, are repealed.

(b) Minnesota Rules, parts 6258.0100; 6258.0200; 6258.0300; 6258.0400; 6258.0500; 6258.0600; 6258.0700, subparts 1, 4, and 5; 6258.0800; and 6258.0900, are repealed."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying off-highway vehicle provisions; modifying provisions of Minnesota Naturalist Corps; modifying invasive species provisions; modifying state water trail provisions; modifying water safety requirements; modifying certain timber auction provisions; modifying grant, contract, and lease provisions; modifying provisions to take, possess, and transport wildlife; modifying commissioner's duties and authority; modifying wetland replacement and evaluation requirements; providing for the allocation of surplus wetland credits under a permit to mine; exempting certain storm water use from water-use permit requirements; modifying Petroleum Tank Release Cleanup Act; establishing a water quality improvement goal; extending ban on open air swine basins; removing certain mandatory rulemaking requirements; providing for certain demolition debris landfill permitting; amending Minnesota Statutes 2016, sections 84.01, by adding a subdivision; 84.788, subdivision 2; 84.791, subdivision 1; 84.8031; 84.946, subdivision 2, by adding a subdivision; 84.992, subdivisions 3, 4, 5, 6; 84D.03, subdivisions 3, 4; 84D.04, subdivision 1; 84D.05, subdivision 1; 84D.108, subdivision 2a, by adding a subdivision; 84D.11, by adding a subdivision; 85.32, subdivision 1; 86B.313, subdivision 1; 86B.511; 88.523; 89.39; 90.01, subdivisions 8, 12, by adding a subdivision; 90.041, subdivision 2; 90.051; 90.101, subdivision 2; 90.14; 90.145, subdivision 2; 90.151, subdivision 1; 90.162; 90.252; 93.47, subdivision 4; 94.343, subdivision 9; 94.344, subdivision 9; 97A.015, subdivisions 29, 39, 43, 45, 52, 53; 97A.045, subdivision 10; 97B.031, subdivision 6; 97B.071; 97B.405; 97B.431; 97B.655, subdivision 1; 97C.211, subdivision 2a; 97C.401, subdivision 2; 97C.501, subdivision 1; 97C.515, subdivision 2; 97C.701, by adding a subdivision; 103G.005, subdivisions 10b, 10h, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.2242, subdivision 2; 103G.271, subdivision 1; 103G.411; 115C.021, subdivision 1, by adding a subdivision; 116.0714; 160.06; Laws 2013, chapter 114, article 4, section 105; proposing coding for new law in Minnesota Statutes, chapter 103A; repealing Minnesota Statutes 2016, sections 84.026, subdivision 3; 97B.031, subdivision 5; 97C.515, subdivisions 4, 5; 97C.701, subdivisions 1a, 6; 97C.705; 97C.711; Minnesota Rules, parts 6258.0100; 6258.0200; 6258.0300; 6258.0400; 6258.0500; 6258.0600; 6258.0700, subparts 1, 4, 5; 6258.0800; 6258.0900."

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

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

S.F. No. 565: A bill for an act relating to legacy; providing for maximum appropriations from legacy funds; amending Minnesota Statutes 2016, sections 85.53, by adding a subdivision; 97A.056, by adding a subdivision; 114D.50, by adding a subdivision; 129D.17, by adding a subdivision.

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

SECOND READING OF SENATE BILLS

S.F. Nos. 1499 and 1733 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Gazelka, Chair of the Committee on Rules and Administration, designated H.F. No. 5 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 5: A bill for an act relating to insurance; health; regulating certain data practices of the premium subsidy program; creating a state-operated reinsurance program; appropriating money; amending Minnesota Statutes 2016, sections 62E.10, subdivision 2; 62E.11, subdivisions 5, 6; 297I.05, subdivisions 5, 13; Laws 2017, chapter 2, article 1, section 2, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 62E; repealing Laws 2013, chapter 9, section 15.

Senator Marty moved to amend H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 6, after line 15, insert:

"Subd. 7. **Allocation of costs of the Minnesota premium security plan.** Each contributing member of the association shall share in the costs of the Minnesota premium security plan after consideration of other sources of funding as provided in section 62E.25, including security plan payments, and operating and administrative expenses incurred or estimated to be incurred by the association incident to the plan. Contributing members shall share in the costs in an amount equal to the ratio of the contributing member's total accident and health insurance premium, received from or on behalf of Minnesota residents as divided by the total accident and health insurance premium, received by all contributing members from or on behalf of Minnesota residents, as determined by the commissioner. Payments made by the state to a contributing member for medical assistance or MinnesotaCare services according to chapters 256 and 256B shall be excluded when determining a contributing member's total premium.

Subd. 8. **Member assessments.** The association shall make an annual determination of each contributing member's liability for costs of the Minnesota premium security plan under subdivision 7, and may make an annual fiscal year-end assessment. The association may also, subject to the approval of the commissioner, provide for interim assessments against the contributing members whose aggregate assessments comprised a minimum of 90 percent of the most recent prior annual assessment, in the event that the association deems that methodology to be the most administratively efficient and cost-effective means of assessment, and as may be necessary to assure the financial capability of the association in meeting the incurred costs of the Minnesota premium security plan and operating and administrative expenses. Payment of an assessment shall be due within 30 days

of receipt by a contributing member of a written notice of a fiscal year end or interim assessment. A contributing member that ceases to do accident and health insurance business within the state shall remain liable for assessments through the calendar year during which accident and health insurance business ceased."

Renumber the subdivisions in sequence

Page 8, line 1, after the semicolon, insert "and"

Page 8, delete lines 2 to 8 and insert:

"(3) the assessment, if any, authorized under section 62E.23, subdivision 8."

Page 9, delete section 8

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

| | | | | |
|------------|----------|----------|----------|------------|
| Bakk | Dziedzic | Hoffman | Lourey | Tomassoni |
| Carlson | Eaton | Isaacson | Marty | Torres Ray |
| Champion | Eken | Kent | Newton | Wiger |
| Clausen | Franzen | Klein | Pappas | Wiklund |
| Cohen | Frentz | Laine | Schoen | |
| Cwodzinski | Hawj | Latz | Simonson | |
| Dibble | Hayden | Little | Sparks | |

Those who voted in the negative were:

| | | | | |
|--------------|--------------|-----------|---------|---------|
| Abeler | Eichorn | Jasinski | Mathews | Rosen |
| Anderson, B. | Fischbach | Jensen | Miller | Ruud |
| Anderson, P. | Gazelka | Johnson | Nelson | Senjem |
| Benson | Goggin | Kiffmeyer | Newman | Utke |
| Chamberlain | Hall | Koran | Osmeck | Weber |
| Dahms | Housley | Lang | Pratt | Westrom |
| Draheim | Ingebrigtsen | Limmer | Relph | |

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

Senator Schoen moved to amend H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 6, after line 15, insert:

"(c) An eligible health carrier may not receive payments under this subdivision unless the commissioner certifies that its rates are at least 30 percent less than would have been charged for the applicable plan year had the Minnesota premium security plan not been established."

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 32 and nays 34, as follows:

Those who voted in the affirmative were:

| | | | | |
|------------|----------|----------|----------|------------|
| Bakk | Dziedzic | Hoffman | Lourey | Tomassoni |
| Carlson | Eaton | Isaacson | Marty | Torres Ray |
| Champion | Eken | Kent | Newton | Wiger |
| Clausen | Franzen | Klein | Pappas | Wiklund |
| Cohen | Frentz | Laine | Schoen | |
| Cwodzinski | Hawj | Latz | Simonson | |
| Dibble | Hayden | Little | Sparks | |

Those who voted in the negative were:

| | | | | |
|--------------|--------------|-----------|---------|---------|
| Abeler | Eichorn | Jasinski | Mathews | Rosen |
| Anderson, B. | Fischbach | Jensen | Miller | Ruud |
| Anderson, P. | Gazelka | Johnson | Nelson | Senjem |
| Benson | Goggin | Kiffmeyer | Newman | Utke |
| Chamberlain | Hall | Koran | Osmek | Weber |
| Dahms | Housley | Lang | Pratt | Westrom |
| Draheim | Ingebrigtsen | Limmer | Relph | |

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

Senator Benson moved to amend H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 8, after line 8, insert:

"(d) The association shall return to the commissioner of commerce any health care access fund amount not used to pay claims submitted by eligible health carriers under the Minnesota premium security plan by June 30, 2021. Any amount returned to the commissioner of commerce shall be transferred to the health care access fund under section 16A.724.

"(e) The association may not pay more than \$300,000,000 in claims for the premium security plan for either plan year 2018 or 2019."

The motion prevailed. So the amendment was adopted.

Senator Abeler moved to amend H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 8, after line 9, insert:

"Sec. 7. LEGISLATIVE WORKING GROUP.

A legislative working group is established consisting of the chairs and ranking minority members of the senate committees with jurisdiction over commerce, health and human services finance and policy, and human services reform finance and policy and the chairs and ranking minority members

of the house of representatives committees with jurisdiction over commerce and regulatory reform, health and human services finance, and health and human services reform. The purpose of the working group is to advise the board of the Minnesota Comprehensive Health Association on the adoption of payment parameters and other elements of a reinsurance plan for plan year 2019. The commissioner of commerce must provide technical assistance for the working group, and must review and monitor the following to serve as a resource for the working group:

(1) the effectiveness of reinsurance models adopted in Alaska and other states in stabilizing premiums in the individual market and the related costs thereof;

(2) the effect of federal health reform legislation on the Minnesota premium security plan, including but not limited to funding for the plan; and

(3) the status of the health care access fund, and issues relating to its potential continued use as a source of funding for the Minnesota premium security plan."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Lourey moved to amend H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 8, after line 9, insert:

"Sec. 7. **[256L.29] MINNESOTACARE BUY-IN OPTION.**

Subdivision 1. **Request for federal authority and program establishment.** (a) The commissioner of human services shall seek all necessary federal authority to establish a program that allows individuals who are: (1) determined eligible for enrollment in a qualified health plan with or without advance premium tax credits and cost-sharing reductions according to the requirements of Code of Federal Regulations, title 45, section 155.305, paragraphs (a), (f), and (g); and (2) reside in a county outside the seven-county metropolitan area to purchase coverage in the MinnesotaCare program pursuant to this section (MinnesotaCare buy-in option), instead of purchasing a qualified health plan through MNsure, as defined in section 62V.02.

(b) The commissioner shall also seek all necessary federal authority to:

(1) allow individuals who qualify under paragraph (a) and who choose to purchase the MinnesotaCare buy-in option to use advance premium tax credits and cost-sharing reductions, if eligible, to purchase this option;

(2) permit the MinnesotaCare buy-in option to be offered through MNsure as a coverage option and to be compared with qualified health plans offered through MNsure;

(3) allow the commissioner to use any surplus funds in the basic health plan trust fund under section 16A.724, subdivision 3, for purposes of establishing a special revenue account that will serve as a reserve to support the payment of claims and liabilities and other financial needs for the MinnesotaCare program as described in section 256L.04, and the MinnesotaCare buy-in option as described in this section; and

(4) maintain program requirements and funding mechanisms to the MinnesotaCare program that provides coverage to individuals eligible under section 256L.04.

(c) The commissioner is exempt from the requirements in chapter 16C to contract for actuarial services that satisfy the waiver submission requirements under this subdivision. The commissioner may utilize existing contracts to satisfy the waiver submission requirements of this subdivision.

Subd. 2. Program establishment and criteria. (a) The commissioner shall establish a program consistent with this section to offer plans developed for the MinnesotaCare buy-in option through the MNsure Web site, as defined in section 62V.02, subdivision 13, and contract with vendors to provide these services, consistent with sections 256L.12 and 256L.121.

(b) The commissioner shall coordinate administration of the MinnesotaCare buy-in option with the MinnesotaCare program, as described in section 256L.04, to maximize efficiency and improve continuity of care for enrollees. The commissioner shall seek to implement mechanisms to ensure the long-term financial sustainability of MinnesotaCare and mitigate any adverse financial impacts to the state and MNsure. These mechanisms must address issues related to minimizing adverse selection, the state financial risk and contribution, and negative impacts to premiums in the individual and group health insurance market both inside and outside of MNsure.

(c) The MinnesotaCare buy-in option shall include, at a minimum, the following:

(1) establishment of an annual per-enrollee premium rate similar to the average rate paid by the state to contractors under sections 256L.12 and 256L.121, with the exception that the rate paid shall assume that payments to providers shall be at least equal to the Medicare rates, unless the Medicare rate is less than the medical assistance rate;

(2) establishment of a benefit set similar to the benefits covered under section 256L.03;

(3) limiting enrollment of eligible individuals to the same annual open and special enrollment periods established for MNsure as defined in Code of Federal Regulations, title 45, sections 155.410 and 155.420;

(4) establishment of two plans to be offered in MNsure with actuarial values of 70 percent and 80 percent;

(5) a cost allocation methodology to reimburse MNsure operations in lieu of the premium withhold for qualified health plans under section 62V.05; and

(6) establishment of mechanisms that mitigate the fiscal impact to the state budget.

(d) Individuals who are determined eligible for enrollment in a qualified health plan with or without advance payments of the premium tax credit and cost-sharing reductions according to Code

of Federal Regulations, title 45, section 155.305, paragraphs (a), (f), and (g), are eligible to purchase and enroll in a plan established under this section through MNsure, instead of purchasing a qualified health plan as defined under section 62V.02.

(e) Individuals who are eligible under this section, and whose income is less than or equal to 400 percent of the federal poverty guidelines, may qualify for advance premium tax credits and cost-sharing reductions to purchase a plan established under this section.

(f) There shall be no state subsidy to individuals eligible for the MinnesotaCare buy-in option.

(g) The MinnesotaCare buy-in option established under this section shall be considered the MinnesotaCare program for purposes of the requirements for health maintenance organizations under section 62D.04, subdivision 5, and providers under section 256B.0644.

(h) The commissioner shall have authority to accept and expend all federal funds made available under this section upon federal approval.

EFFECTIVE DATE. This section is effective upon federal approval and upon the state receiving federal funding in an amount equal to the amount the federal government will not have to pay in advance premium tax credits under United States Code, title 29, section 36B, to Minnesota residents due to reinsurance payments made by the Minnesota Comprehensive Health Association in the Minnesota premium security plan under Minnesota Statutes, section 62E.23."

Page 9, after line 22, insert:

"Sec. 10. **APPROPRIATION.**

\$11,425,000 in fiscal year 2018 is appropriated from the health care access fund to the commissioner of human services to implement Minnesota Statutes, section 256L.29."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Dibble moved to amend the Lourey amendment to H.F. No. 5, as amended pursuant to Rule 45, adopted by the Senate March 14, 2017, as follows:

(The text of the amended House File is identical to S.F. No. 720.)

Page 1, line 11, delete everything after "(2)"

Page 1, line 12, delete "area to"

The question was taken on the adoption of the Dibble amendment to the Lourey amendment.

The roll was called, and there were yeas 25 and nays 41, as follows:

Those who voted in the affirmative were:

Carlson
Champion
Clausen

Cwodzinski
Dibble
Dziedzic

Eaton
Franzen
Frentz

Hawj
Hayden
Hoffman

Isaacson
Kent
Laine

| | | | | |
|--------|--------|--------|------------|---------|
| Latz | Marty | Pappas | Simonson | Wiger |
| Little | Newton | Schoen | Torres Ray | Wiklund |

Those who voted in the negative were:

| | | | | |
|--------------|--------------|-----------|--------|-----------|
| Abeler | Eichorn | Jensen | Miller | Sparks |
| Anderson, B. | Eken | Johnson | Nelson | Tomassoni |
| Anderson, P. | Fischbach | Kiffmeyer | Newman | Utke |
| Bakk | Gazelka | Klein | Osmek | Weber |
| Benson | Goggin | Koran | Pratt | Westrom |
| Chamberlain | Hall | Lang | Relph | |
| Cohen | Housley | Limmer | Rosen | |
| Dahms | Ingebrigtsen | Lourey | Ruud | |
| Draheim | Jasinski | Mathews | Senjem | |

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

The question was taken on the adoption of the Lourey amendment.

The roll was called, and there were yeas 33 and nays 33, as follows:

Those who voted in the affirmative were:

| | | | | |
|------------|----------|----------|----------|------------|
| Bakk | Dziedzic | Hoffman | Little | Sparks |
| Carlson | Eaton | Isaacson | Lourey | Tomassoni |
| Champion | Eken | Jensen | Marty | Torres Ray |
| Clausen | Franzen | Kent | Newton | Wiger |
| Cohen | Frentz | Klein | Pappas | Wiklund |
| Cwodzinski | Hawj | Laine | Schoen | |
| Dibble | Hayden | Latz | Simonson | |

Those who voted in the negative were:

| | | | | |
|--------------|--------------|-----------|--------|---------|
| Abeler | Eichorn | Jasinski | Miller | Ruud |
| Anderson, B. | Fischbach | Johnson | Nelson | Senjem |
| Anderson, P. | Gazelka | Kiffmeyer | Newman | Utke |
| Benson | Goggin | Koran | Osmek | Weber |
| Chamberlain | Hall | Lang | Pratt | Westrom |
| Dahms | Housley | Limmer | Relph | |
| Draheim | Ingebrigtsen | Mathews | Rosen | |

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

H.F. No. 5 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 37 and nays 29, as follows:

Those who voted in the affirmative were:

| | | | | |
|--------------|--------------|-----------|--------|---------|
| Abeler | Fischbach | Johnson | Miller | Senjem |
| Anderson, B. | Gazelka | Kiffmeyer | Nelson | Sparks |
| Anderson, P. | Goggin | Koran | Newman | Utke |
| Benson | Hall | Lang | Osmek | Weber |
| Chamberlain | Housley | Limmer | Pratt | Westrom |
| Dahms | Ingebrigtsen | Little | Relph | |
| Draheim | Jasinski | Lourey | Rosen | |
| Eichorn | Jensen | Mathews | Ruud | |

Those who voted in the negative were:

| | | | | |
|------------|----------|----------|--------|------------|
| Bakk | Dibble | Hawj | Laine | Simonson |
| Carlson | Dziedzic | Hayden | Latz | Tomassoni |
| Champion | Eaton | Hoffman | Marty | Torres Ray |
| Clausen | Eken | Isaacson | Newton | Wiger |
| Cohen | Franzen | Kent | Pappas | Wiklund |
| Cwodzinski | Frentz | Klein | Schoen | |

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

MEMBERS EXCUSED

Senator Rest was excused from the Session of today. Senators Latz, Limmer, and Nelson were excused from the Session of today from 12:00 to 12:15 p.m.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 11:00 a.m., Thursday, March 16, 2017. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

